

**FREQUENTLY ASKED QUESTIONS (“FAQs”)  
ON ENTITIES EXEMPT UNDER THE  
FOLLOWING PROVISIONS**

- **PARAGRAPHS 4(1)(c)<sup>1</sup>, 5(1)(d)<sup>2</sup> AND 7(1)(b)<sup>3</sup> OF THE SECOND SCHEDULE TO THE SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) REGULATIONS (RG 10)**
- **REGULATION 27(1)(d)<sup>4</sup> OF THE FINANCIAL ADVISERS REGULATIONS (RG 2)**

(The entities are collectively referred to as “exempt persons”)

**Disclaimer:**

**Exempt persons referred to in these FAQs are not licensed by the Monetary Authority of Singapore (“MAS”). They have informed MAS that they intend to operate under the exempt regime and are thus exempted from licensing and business conduct requirements under the Securities and Futures Act (“SFA”) and/or the Financial Advisers Act (“FAA”) and the relevant Regulations.**

**These FAQs are meant to provide guidance on the regulatory requirements that an exempt person is expected to comply with under the SFA and/or the FAA and the relevant Regulations. They do not constitute legal advice. If in doubt, MAS expects industry participants to seek independent legal opinion, to ensure that they continue to satisfy all legal and regulatory requirements.**

**FAQs:**

**I. Criteria for exemption**

- Q1 Who can be exempted under these provisions?
- Q2 What are the pre-requisites that must be met by an exempt person?
- Q3 My company is based outside of Singapore. Can I operate as an exempt person in Singapore by appointing a local contact person?

<sup>1</sup> For conducting leveraged foreign exchange trading in Singapore only with accredited investors.

<sup>2</sup> For conducting fund management activity in Singapore on behalf of not more than 30 qualified investors.

<sup>3</sup> For carrying on business in Singapore in giving corporate finance advice only to accredited investors, provided such advice is not specifically given for the making of any offer of securities to the public by the accredited investor to whom the advice was given. Where the accredited investor is a public company, listed on the securities exchange, or a subsidiary of a corporation listed on a securities exchange, the circulation of such advice is restricted to that which is specified in Paragraph 7(1)(b)(ii) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10).

<sup>4</sup> For providing financial advice in Singapore, either directly or through publications or writings or by issuing or promulgating research analyses or reports, concerning any investment product (other than life policies) to not more than 30 accredited investors on any occasion.

**II. Lodgment for commencement of business as an exempt person**

- Q4 For the purpose of operating as an exempt person, what forms do I need to lodge and where can I obtain these forms?
- Q5 Where should I send the completed form(s) to?
- Q6 What can I expect after I have submitted the notification form(s) to MAS for the commencement of my business?
- Q7 Can I get a certification from MAS that I am an exempt person?

**III Ongoing regulatory requirements of an exempt person**

- Q8 What are the ongoing reporting requirements of an exempt person?
- Q9 In addition to the ongoing reporting requirements, are there any ongoing obligations that an exempt person must comply with?
- Q10 Under the Notice on “Prevention of Money Laundering and Countering the Financing of Terrorism” [SFA 04-N02 or FAA-N06], what are the relevant filing requirements applicable to an exempt person?
- Q11 Being an exempt person, can I represent myself or my business as being ‘registered’ or ‘regulated’ by MAS?
- Q12 One of my key officers and representatives is under an investigation but has not been convicted of a wrongdoing. Do I need to notify MAS?
- Q13 What are the implications of contravening regulatory requirements?
- Q14 I have not commenced my business since I had lodged a notification with MAS as an exempt person a year ago. Is my exemption still considered valid?
- Q15 Are the representatives of an exempt person required to take the Capital Markets and Financial Advisory Services Examinations?
- Q16 If I am currently a licensed representative of a holder of a Capital Markets Service licence or a Financial Advisers licence, can I be a representative of an exempt person?

**IV Others**

- Q17 Who does a “qualified investor” refer to?
- Q18 Who does an “accredited investor” refer to?
- Q19 Must I certify that the clients I approach are qualified/ accredited investors?
- Q20 Where can I obtain a list of the exempt persons operating in Singapore?

**I. CRITERIA FOR EXEMPTION**

**Q1 Who can be exempted under these provisions?**

A1 The exempt provisions are only for persons who conduct regulated activity(ies) or provide financial advisory service(s) in Singapore, with clientele restrictions as follows:

- (i) exempt fund managers<sup>2</sup> can serve up to 30 qualified investors;
- (ii) exempt corporate financial advisors<sup>3</sup> and exempt leveraged foreign exchange traders<sup>1</sup> are to limit their clientele to accredited investors;
- (iii) exempt financial advisors<sup>4</sup> can serve up to 30 accredited investors on any occasion.

**FAQs on Exempt Persons**  
(Published on 12 March 2009)

(Please refer to Section IV on the types of persons who are considered qualified and accredited investors.)

In the case of an exempt fund manager who is also an exempt financial adviser, the total number of qualified investors and accredited investors served should not exceed 30 in total. Persons intending to operate under the exempt regime are encouraged to seek legal advice on whether their business model qualifies for the exemption. **In the event of any contravention of the applicable laws and regulations, regulatory actions against the corporation and/or the individual will be taken.**

**Q2 What are the pre-requisites that must be met by an exempt person?**

A2 An exempt person must be fit and proper and continue to remain so, as required under the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) and the Financial Advisers Regulations (Rg 2). The fit and proper requirements are extended to all the substantial shareholders, directors and representatives who conduct the regulated activity(ies) or provide financial advisory service(s) on behalf of the exempt person. Generally, a CEO (or equivalent) of the exempt person having a minimum of five years of relevant working experience would be considered to have fulfilled the criteria of “competence” found in the Guidelines on Fit and Proper Criteria [Guidelines No. FSG-G01].

The Guidelines on Fit and Proper Criteria [Guidelines No. FSG-G01] are available on the MAS website at [www.mas.gov.sg](http://www.mas.gov.sg).

The company should also maintain its business operations and conduct its activities in Singapore, with adequate management oversight over its day-to-day operations.

**Q3 My company is based outside of Singapore. Can I operate as an exempt person in Singapore by appointing a local contact person?**

A3 It is a requirement for an exempt person to be “resident in Singapore”, with its operations based in Singapore. An exempt person lodged with MAS would be in contravention of the law if the person is a shell entity with no business operations in Singapore. The exempt person is expected to appoint a resident director who will be accountable for the company’s day to day operations.

**II. LODGMENT FOR COMMENCEMENT OF BUSINESS AS AN EXEMPT PERSON**

**Q4 For the purpose of operating as an exempt person, what forms do I need to lodge and where can I obtain these forms?**

A4 Any entity who wishes to operate as an exempt person is required to submit to MAS the following forms, not later than 14 days after the date of commencement of business:

**FAQs on Exempt Persons**  
(Published on 12 March 2009)

<b>Act</b>	<b>Exempt Person</b>	<b>Form</b>	<b>Links to the Forms</b>
Securities and Futures Act	Exempt Leveraged Foreign Exchange Trader	18	<a href="http://www.mas.gov.sg/legislation_guidelines/securities_futures/sub_legislation/SFA_Licensing_and_Conduct_of_Business_Forms_LCB.html">http://www.mas.gov.sg/legislation_guidelines/securities_futures/sub_legislation/SFA_Licensing_and_Conduct_of_Business_Forms_LCB.html</a>
	Exempt Fund Manager	22	
	Exempt Corporate Finance Adviser		
Financial Advisers Act	Exempt Financial Adviser	20	<a href="http://www.mas.gov.sg/legislation_guidelines/fin_advisers/fin_advisers_act/FA_Forms.html">http://www.mas.gov.sg/legislation_guidelines/fin_advisers/fin_advisers_act/FA_Forms.html</a>

**NOTE:** All lodgments with MAS must be made using the latest version of the forms which are available on the MAS website. Copies of the relevant documentation must be submitted in accordance with the requirements stated in the form. This is to avoid delays in the processing of the company's lodgment.

**Q5 Where should I send the completed form(s) to?**

A5 You should submit the completed form(s) to the following address:

Monetary Authority of Singapore  
10 Shenton Way  
MAS Building  
Singapore 079117  
Attention: Capital Markets Intermediaries Department

**Q6 What can I expect after I have submitted the notification form(s) to MAS for the commencement of my business?**

A6 As part of the notification process, MAS will acknowledge the lodgment for exemption upon receipt of a fully completed form and the relevant documentation. Please note that the exempt person must satisfy the fit and proper requirements and maintain operations in Singapore (as elaborated under FAQ 2). All entities whose lodgments are acknowledged by MAS will be listed on the MAS website under the "Financial Institutions Directory".

**Q7 Can I get a certification from MAS that I am an exempt person?**

A7 MAS will send an acknowledgment letter to exempt persons who have notified MAS of their commencement of business and who have declared that they are fit and proper.

We would like to highlight that under sections 86(1) and (3) of the Financial Advisers Act ("FAA") and sections 329(1) and (3) of the Securities and Futures Act ("SFA"), any person who furnishes MAS with any information under these Acts shall use due care to ensure that the information is not false or misleading in any material particular and any person who signs any document lodged with MAS shall use due care to ensure that the document is not false or misleading in any material particular. Any person who contravenes this requirement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding

**FAQs on Exempt Persons**  
(Published on 12 March 2009)

\$50,000 (under the SFA) or a fine not exceeding \$25,000 (under the FAA) or to imprisonment for a term not exceeding two years or to both.

The letter of acknowledgment is not a confirmation of the fitness and propriety of the exempt person.

The list of exempt persons is made available on the MAS website under the Financial Institutions Directory.

**Anyone who wishes to deal with an exempt person should conduct its own due diligence and should not rely on MAS' letter of acknowledgment or the listing of exempt persons on the MAS website as they are not a confirmation of the fitness and propriety of the exempt persons.**

**III. ONGOING REGULATORY REQUIREMENTS OF AN EXEMPT PERSON**

**Q8 What are the ongoing reporting requirements of an exempt person?**

A8 An exempt person is required to submit the following to MAS on an ongoing basis:

<b>Type of reporting</b>	<b>Exempt Person</b>	<b>Forms</b>	<b>Requirements</b>
Notice of <u>change in particulars</u>	Exempt Leveraged Foreign Exchange Trader	(SFA) Form 19	To be submitted <u>within 14 days</u> after date of change
	Exempt Fund Manager	(SFA) Form 23	
	Exempt Corporate Financial Adviser		
	Exempt Financial Adviser	(FAA) Form 21	
Notice of <u>cessation of business</u>	Exempt Leveraged Foreign Exchange Trader	(SFA) Form 20	To be submitted <u>not later than 14 days</u> after date of cessation
	Exempt Fund Manager	(SFA) Form 24	
	Exempt Corporate Financial Adviser		
	Exempt Financial Adviser	(FAA) Form 22	

**FAQs on Exempt Persons**  
(Published on 12 March 2009)

<u>Annual declaration</u>	Exempt Leveraged Foreign Exchange Trader	(SFA) Form 21	To be submitted <u>within 14 days</u> after the end of <u>the financial year of exempt person.</u>
	Exempt Fund Manager	(SFA) Form 25	
	Exempt Corporate Financial Adviser		
	Exempt Financial Adviser	(FAA) Form 23	

**SFA:** Securities and Futures Act

**FAA:** Financial Advisers Act

You may download the forms from the MAS website via the following links<sup>5</sup>:

SFA forms:

[http://www.mas.gov.sg/legislation\\_guidelines/securities\\_futures/sub\\_legislation/SFA\\_Licensing\\_and\\_Conduct\\_of\\_Business\\_Forms\\_LCB.html](http://www.mas.gov.sg/legislation_guidelines/securities_futures/sub_legislation/SFA_Licensing_and_Conduct_of_Business_Forms_LCB.html)

FAA forms:

[http://www.mas.gov.sg/legislation\\_guidelines/fin\\_advisers/fin\\_advisers\\_act/FA\\_Forms.html](http://www.mas.gov.sg/legislation_guidelines/fin_advisers/fin_advisers_act/FA_Forms.html)

**Q9 In addition to the ongoing reporting requirements, are there any ongoing obligations that an exempt person must comply with?**

**A9** Yes, in addition to the ongoing reporting requirements set out in FAQ 8, an exempt person is required to comply with the relevant exempt provisions and Notices, as well as to observe the Guidelines applicable to an exempt person. Besides maintaining operations in Singapore and satisfying fit and proper requirements mentioned in the Guidelines on Fit and Proper Criteria (Guideline No. FSG-G01), the company is required to comply with the applicable Regulations and Notices such as<sup>5</sup>:

- a. (i) Notice to Capital Markets Services Licensees and Exempt Persons on Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. SFA 04-N02];  
and/or
- (ii) Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. FAA-N06].

You may also wish to refer to the relevant Guidelines on Prevention of Money Laundering and Countering the Financing of Terrorism;

<sup>5</sup> MAS may, from time to time, make changes to the provisions under this exemption regime or impose new requirements. While MAS may consult the public on policy changes, exempt persons are required to be apprised of the changes in the relevant laws and regulations. You may wish to subscribe to the 'Mailing List' on the MAS website to be alerted of updates. You can sign up to be included in the Mailing List via the following link:

[http://www.mas.gov.sg/news\\_room/announcements/announcements\\_index.html](http://www.mas.gov.sg/news_room/announcements/announcements_index.html)

**FAQs on Exempt Persons**  
(Published on 12 March 2009)

- b. Monetary Authority of Singapore (Anti-terrorism Measures) Regulations 2002; and
- c. (i) Notice on Prohibited Representations by Exempt Financial Institutions under the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) [Notice No. SFA 04-N07]; and/or  
(ii) Notice on Prohibited Representations Made by Persons Exempted under regulation 27(1)(d) of the Financial Advisers Regulations (Rg 2) [Notice No. FAA-N10].

**Q10 Under the Notice on “Prevention of Money Laundering and Countering the Financing of Terrorism” [SFA 04-N02 or FAA-N06], what are the relevant filing requirements applicable to an exempt person?**

A10 An exempt person is required to submit reports on suspicious transactions (including attempted transactions) to the Suspicious Transactions Reporting Office, Commercial Affairs Department of the Singapore Police Force, and extend a copy to MAS, marked to the attention of Mr Wesley Kang (Capital Markets Intermediaries Department), who has been duly gazetted as an authorised officer under section 39 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A).

The relevant forms can be found in the Notice on Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. SFA 04-N02 or Notice No. FAA-N06]  
The Notices may be found via the following links:

Notice to Capital Markets Services Licensees and Exempt Persons on Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. SFA 04-N02]:  
[http://www.mas.gov.sg/legislation\\_guidelines/securities\\_futures/sub\\_legislation/SFA\\_Notices.html](http://www.mas.gov.sg/legislation_guidelines/securities_futures/sub_legislation/SFA_Notices.html)

Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. FAA-N06]:  
[http://www.mas.gov.sg/legislation\\_guidelines/fin\\_advisers/fin\\_advisers\\_act/FAA\\_Notices.html](http://www.mas.gov.sg/legislation_guidelines/fin_advisers/fin_advisers_act/FAA_Notices.html)

**Q11 Being an exempt person, can I represent myself or my business as being ‘registered’ or ‘regulated’ by MAS?**

A11 No, an exempt person, including its representatives, cannot represent itself, nor cause to be represented, to any person as being licensed, regulated, supervised, or registered by MAS, whether verbally or in writing.

The relevant Notices may be found via the following links:

Notice on Prohibited Representations by Exempt Financial Institutions under the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) [Notice No. SFA 04-N07]

**FAQs on Exempt Persons**  
(Published on 12 March 2009)

[http://www.mas.gov.sg/legislation\\_guidelines/securities\\_futures/sub\\_legislation/SFA\\_Notices.html](http://www.mas.gov.sg/legislation_guidelines/securities_futures/sub_legislation/SFA_Notices.html)

Notice on Prohibited Representations Made by Persons Exempted under regulation 27(1)(d) of the Financial Advisers Regulations (Rg 2) [Notice No. FAA-N10]  
[http://www.mas.gov.sg/legislation\\_guidelines/fin\\_advisers/fin\\_advisers\\_act/FAA\\_Notices.html](http://www.mas.gov.sg/legislation_guidelines/fin_advisers/fin_advisers_act/FAA_Notices.html)

**Q12 One of my key officers or representatives is under an investigation but has not been convicted of a wrongdoing. Do I need to notify MAS?**

A12 Yes, as stated in the Guidelines on Fit and Proper Criteria [Guideline No. FSG-G01], MAS requires the shareholders, key officers and representatives of an exempt entity to be competent, honest, have integrity and to be of sound financial standing, and whether a relevant person has been the subject of any investigations or disciplinary proceedings as listed in paragraph 11(k) of the Guidelines is a factor which MAS takes into consideration in assessing the honesty, integrity and reputation of a relevant person. It is a requirement for an exempt person to make an assessment of the fitness and propriety of all the shareholders, key officers and representatives prior to their appointment and on an ongoing basis.

An exempt person is required to notify MAS of any change in particulars set out in its notice of commencement of business and such particulars include the matters set out in “Part VI Fit and Proper Criteria for exempt person, key officer(s), shareholder(s) and representative(s)”. Where there are subsequent changes to the status of the fitness and propriety of its shareholders, key officers and representatives, the exempt person is to lodge a notice of change of particulars no later than 14 days after the date of the change. Should there be any doubts with regards to the fit and proper criteria, the exempt person should check with MAS immediately.

**Q13 What are the implications of contravening regulatory requirements?**

A13 MAS takes a serious view of contraventions by an exempt person. Regulatory actions will be taken against the corporation and/or the individual in the event of a breach of applicable laws and regulations. Contraventions will also be taken into consideration by MAS when deciding on future actions to take against the exempt person in the event of a subsequent contravention of applicable laws and regulations, or when considering any licensing application by the exempt person.

**Q14 I have not commenced my business since I had lodged a notification with MAS as an exempt person a year ago. Is my exemption still considered valid?**

A14 An exempt person is no longer exempt if he has not started operations within six months of the commencement date indicated in the lodgment form. You may make a re-lodgment when you are ready to commence your business.

**FAQs on Exempt Persons**  
(Published on 12 March 2009)

**Q15 Are the representatives of an exempt person required to take the Capital Markets and Financial Advisory Services Examinations [“CMFAS Exams”]?**

A15 No, representatives of exempt persons are not required to take the CMFAS Exams.

**Q16 If I am currently a licensed representative of a holder of a Capital Markets Service (“CMS”) licence or a Financial Advisers (“FA”) licence, can I be a representative of an exempt person?**

A16 No. A person shall not be concurrently licensed and exempted for the same type of business or activity.

**IV. OTHERS**

**Q17 Who does a “qualified investor” refer to?**

A17 A “qualified investor”, as stated in paragraph (5)(3) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations refers to:

(a) an accredited investor, other than:

(i) one who is a participant in a collective investment scheme referred to in sub-paragraph (b);

(ii) one who is a holder of a unit in a closed-end fund referred to in sub-paragraph (c);

(iii) one which is a corporation referred to in section 4A(1)(a)(ii) of the Securities and Futures Act or an entity referred to in regulation 2(b) of the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005 (G.N. No. S 369/2005)

—

(A) which is related to or controlled by a person referred to in sub-paragraph (1)(d), or a key officer or substantial shareholder of such person; and

(B) the shares or debentures of which are, after 28th May 2008, the subject of an offer or invitation for subscription or purchase made to any person who is not an accredited investor; or

(iv) a corporation or an entity which is a collective investment scheme or a closed-end fund the units of which are, after 28th May 2008, the subject of an offer or invitation made to any person who is not an accredited investor;

(b) a collective investment scheme the units of which are the subject of an offer or invitation for subscription or purchase made —

(i) in Singapore only to accredited investors; or

(ii) elsewhere if, after 28th May 2008, such offer or invitation is made only to accredited investors, or investors in an equivalent class under the laws of the country or territory in which the offer or invitation is made;

(c) a closed-end fund the units of which are the subject of an offer or invitation for subscription or purchase made only to accredited investors, or investors in an equivalent class under the laws of the country or territory in which the offer or invitation is made;

(d) any other person that MAS may, from time to time, by a guideline issued by MAS, determine.

**FAQs on Exempt Persons**  
(Published on 12 March 2009)

**Q18 Who does an “accredited investor” refer to?**

A18 An “accredited investor” as stated in section 4A(1)(a) of the Securities and Futures Act read with regulation 2 of the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005 and regulation 2 of the Financial Advisers Regulations refers to:

- (a) an individual —
  - (i) whose net personal assets exceed \$2 million in value (or its equivalent in a foreign currency); or
  - (ii) whose income in the preceding 12 months is not less than \$300,000 (or its equivalent in a foreign currency);
- (b) a corporation with net assets exceeding \$10 million in value (or its equivalent in a foreign currency), as determined by —
  - (i) the most recent audited balance-sheet of the corporation; or
  - (ii) where the corporation is not required to prepare audited accounts regularly, a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance-sheet, which is a date within the preceding 12 months;
- (c) the trustee of a trust of which all property and rights of any kind whatsoever held on trust for the beneficiaries of the trust exceed \$10 million in value (or its equivalent in a foreign currency);
- (d) an entity (other than a corporation) with net assets exceeding \$10 million in value (or its equivalent in a foreign currency);
- (e) a partnership (other than a limited liability partnership within the meaning of the Limited Liability Partnerships Act 2005 (Act 5 of 2005)) in which each partner is an accredited investor; or
- (f) a corporation the sole business of which is to hold investments and the entire share capital of which is owned by one or more persons, each of whom is an accredited investor.

**Q19 Must I certify that the clients I approach are qualified/ accredited investors?**

A19 An exempt person is required to conduct its own due diligence to verify that its clients are of qualified/accredited status. The due diligence checks should be supported by documentary evidence for proper audit trail.

**Q20 Where can I obtain a list of the exempt persons operating in Singapore?**

A20 The list is available on MAS website, under the Financial Institution Directory. ([http://www.mas.gov.sg/fin\\_directory/index.html](http://www.mas.gov.sg/fin_directory/index.html)).