



Monetary Authority of Singapore

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

**GUIDELINES ON LICENCE APPLICATION AND
PAYMENT OF FEES**

Guideline No : SFA 04-G02

Issue Date : 1 October 2002 (Revised on 1 August 2008)

GUIDELINES ON LICENCE APPLICATION AND PAYMENT OF FEES

1 Purpose of these Guidelines

1.1 These Guidelines are issued pursuant to section 321 of the Securities and Futures Act (Cap. 289) (“SFA”) to provide guidance on licence application procedures and payment of licence fees under the SFA.

[Amended on 1 July 2005]

1.2 These Guidelines set out the administrative procedures for companies and individuals who wish to apply for a new licence under the SFA, or to apply to add regulated activities to their existing licences, or to apply to renew their existing licences under the SFA. The Guidelines also provide detailed explanation as to the computation of licence fees and the procedures for the payment of application and licence fees by licensees.

1.3 The Monetary Authority of Singapore (“MAS”) expects all Capital Markets Services (“CMS”) licence holders and their representatives to adhere to these Guidelines where applicable, so as to ensure consistency and efficiency in the processing of licence applications.

1.4 These Guidelines should be read in conjunction with the provisions of the SFA and the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) (“SFR”).

[Amended on 1 July 2005]

2 Procedures for application of new licence under the SFA

2.1 Section 82 requires a person who carries on business in any regulated activity under the SFA to hold a CMS licence for that regulated activity. Section 83 requires a person who acts as a representative of a CMS licence holder in any regulated activity to hold a Representative’s licence for that regulated activity. The regulated activities are specified in the Second Schedule to the SFA as follows:

- (a) dealing in securities;
- (b) trading in futures contracts;
- (c) leveraged foreign exchange trading;
- (d) advising on corporate finance;
- (e) fund management;
- (f) real estate investment trust management;
- (g) securities financing; and
- (h) providing custodial services for securities.

[Amended on 1 August 2008]

2.2 Applicants who wish to apply for a new licence for any regulated activity under the SFA should submit the following forms¹:

CMS licence	Form 1
Representative's licence	Form 3

[Amended on 1 July 2005]

2.3 All applications for a CMS licence or a Representative's licence should be accompanied by the prescribed application fees, which are non-refundable, except in the case of an application for a Representative's licence, where the principal corporation has an existing GIRO arrangement with MAS for the payment of the applicable application fees and licence fees under the SFA. (Please refer to Appendix 1 for the application fees in respect of the various types of licence applications.)

[Amended on 1 September 2005]

2.4 Upon approval of the licence application, MAS will advise the applicant or, in the case of Representative's licence applications, the principal corporation on the amount of licence fees payable by issuing to the applicant or the principal corporation, as the case may be:

For payment via GIRO – “Fee Advice (New Applications)”

For payment via cheque - “Licence Fee Advice (New Applications)”.

[Amended on 1 September 2005]

2.5 Licence fees for both CMS licences and Representative's licences will be collected from the companies concerned, who will pay on behalf of their representatives.

¹ The forms referred to in the SFR are set out at the MAS' Internet website at <http://www.mas.gov.sg> (under “Regulations and Licensing”, “Securities, Futures and Fund Management”).

2.6 Licences issued will be sent out to licensees together with the “Fee Advice (New Applications)” or “Licence Fee Advice (New Applications)”. Each licence issued will be valid for up to 3 years. However, licence fees will be paid on an annual basis.

[Amended on 1 September 2005]

2.7 Licences issued will be sent out to licensees together with the “Fee Advice (New Applications)” or “Licence Fee Advice (New Applications)”. Each licence issued will be valid for up to 3 years. However, licence fees will be paid on an annual basis.

[Amended on 1 September 2005]

2.8 For payment of licence fees via GIRO, the corporation concerned should ensure sufficient funds in its bank account for the GIRO deduction on the deduction date as stated on the “Fee Advice (New Applications)”. For payment of licence fees via cheque, the corporation concerned should pay the licence fees within 2 weeks from the date of the “Licence Fee Advice (New Applications)”. Failing which, MAS may, pursuant to regulation 6(7) of the SFR, impose a late payment fee not exceeding \$100 for every day that the payment is late, subject to a maximum of \$3,000.

[Amended on 1 September 2005]

2.9 Please refer to **Paragraphs 6.1 - 6.2** for the computation of the first licence fee to be paid for new licence applications.

3 Procedures for renewal of licences under the SFA

3.1 As the licences issued under the SFA will be valid for up to 3 years, licensees should renew their licences if they wish to continue with their regulated activities. Under Section 84 of the SFA, applications for renewal of licences must be submitted at least one month before the expiry dates of the licences.

3.2 In the case where the licensees submit their licence renewal applications less than one month before the expiry dates of their licences, MAS may, pursuant to section 84(6) of the SFA, impose a late renewal fee not exceeding \$100 for every day or part thereof that the renewal is late, subject to a maximum of \$3,000.

[Amended on 1 September 2005]

3.3 Licence renewal applications which are submitted after the expiry date will not be accepted. Under such circumstances, the licences have expired and the licensees will have to cease their regulated activities upon the expiry of their licences.

3.4 All licence renewal applications should be made in the following forms:

CMS licence	Form 2
Representative's licence	Form 4

[Amended on 1 July 2005]

3.5 The applicant, and in the case of Representative's licence, the principal corporation, should have an existing GIRO arrangement with MAS for the payment of renewal application fees and licence fees under the SFA. The nonrefundable application fees will be deducted via GIRO from the bank account of the applicant or principal corporation, as the case may be. (Please refer to Appendix 1 for the application fees in respect of the various types of licence applications.)

[Amended on 1 September 2005]

3.6 Licence fees of renewed CMS licences and Representative's licences will be collected from the corporations concerned, who will also pay on behalf of their representatives. MAS will advise the corporations on the amount of licence fees payable by issuing a "Fee Advice (New Applications)" or "Licence Fee Advice (Existing Licences)" 2 weeks prior to the expiry date of the CMS licences or Representative's licences.

[Amended on 1 September 2005]

3.7 For payment of licence fees via GIRO, the corporation concerned should ensure sufficient funds in its bank account for the GIRO deduction on the expiry date of the CMS licence or the Representative's licence of its representatives, as the case may be. Failing which, MAS may, pursuant to regulation 6(7) of the SFR, impose a late payment fee not exceeding \$100 for every day that the payment is late, subject to a maximum of \$3,000.

[Amended on 1 September 2005]

3.8 Please refer to **Paragraphs 5.1 – 5.3** for the computation of the annual licence fees.

4 Procedures for application to add new regulated activities to licences under the SFA

4.1 Licensees who wish to apply to add one or more new regulated activities to their existing CMS licence or Representative's licence should submit the following forms:

CMS licence	Form 5
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Representative's licence

Form 6

[Amended on 1 July 2005]

4.2 The applicant, and in the case of Representative's licence, the principal corporation should have an existing GIRO arrangement with MAS for the payment of application fees and licence fees under the SFA. The nonrefundable application fees will be deducted via GIRO from the bank account of the applicant or principal corporation, as the case may be. (Please refer to **Appendix 1** for the application fees in respect of the various types of licence applications).

[Amended on 1 September 2005]

4.3 Upon approval of the application for additional regulated activity, MAS will advise the corporation concerned on the amount of licence fees payable by the corporation and its representatives, where applicable, for the new regulated activity by issuing a "Fee Advice (New Applications)" or "Licence Fee Advice (New Applications)".

[Amended on 1 September 2005]

4.4 The licence fees for both CMS licences and Representative's licences will be collected from the corporations concerned, who will also pay on behalf of their representatives.

[Amended on 1 September 2005]

4.5 A new licence reflecting the additional regulated activity will be issued. The new licence will be sent to the licensees upon the return of the old licence to MAS.

4.6 For payment of licence fees via GIRO, the corporation concerned should ensure sufficient funds in its bank account for the GIRO deduction on the deduction date as stated on the "Fee Advice (New Applications)". Failing which, MAS may, pursuant to regulation 6(7) of the SFR, impose a late payment fee not exceeding \$100 for every day that the payment is late, subject to a maximum of \$3,000.

[Amended on 1 September 2005]

4.7 Please refer to **Paragraphs 7.1 - 7.3** for the computation of the licence fee payable in relation to an additional regulated activity.

5 Annual licence fees

5.1 A new licence issued will be valid for up to 3 years. However, licence fees are collected annually. The annual licence fee for each regulated activity is given in **Appendix 1**.

5.2 Licence fees for CMS licence holders

5.2.1 For a CMS licence holder, the amount of annual licence fees payable will correspond to the types of regulated activities it undertakes. Corporations engaging in 2 or more regulated activities will have to pay the total amount of the licence fees applicable to each regulated activity.

[Amended on 1 September 2005]

Example 1

If Company A conducts the following regulated activities:

- 1. dealing in securities (as a member of SGX-ST)*
- 2. advising on corporate finance*
- 3. trading in futures contracts*

From Appendix 1,

TOTAL FEE PAYABLE = \$8,000 + \$4,000 + \$2,000 = \$14,000

5.3 Licence fees for Representative's licence holders

5.3.1 A representative of a CMS licence holder will pay a **flat** amount as annual licence fees, regardless of the number of regulated activities the representative conducts. The fees payable will be the **highest amount of fees** among the regulated activities that the person is conducting.

[Amended on 1 September 2005]

Example 2

A representative of Company A

- 1. deals in securities (where his principal company, that is Company A is a member of SGX-ST)*
- 2. trades in futures contracts*

From Appendix 1,

FEE PAYABLE = Highest (between \$800 and \$300) = \$800

5.4 Anniversary date for collection of licence fee

5.4.1 To streamline the licence fees collection and licence renewal process, all new licences issued under the SFA will have an expiry date that is based on one of the following standard dates (known as standard anniversary dates):

- 31 Mar
- 30 Jun
- 30 Sep
- 31 Dec

[Amended on 1 September 2005]

5.4.2 The anniversary date to be assigned to a particular licence will be based on the issue date of the licence. This standard anniversary date will be the last date of the quarter preceding the issue date of the licence.

5.4.3 Representative's licences that are issued at the same time as their principal corporation will have the same anniversary date. Otherwise, the Representative's licences may have different anniversary dates from their principal corporation.

[Amended on 1 September 2005]

5.4.4 Annual licence fees are collected for periods up to the next anniversary date of the licence.

5.4.5 The table below shows 2 different scenarios of a licence issued on 8 Dec 2002 and 2 Jan 2003 and their respective anniversary dates assigned and licence expiry dates.

Assignment of anniversary dates and licence expiry dates

	Scenario 1	Scenario 2
First Issue Date	8 Dec 2002	2 Jan 2003
Assigned Standard Anniversary Date	30 Sep	31 Dec
1 st Anniversary Date	30 Sep 2003	31 Dec 2003
2 nd Anniversary Date	30 Sep 2004	31 Dec 2004
Expiry Date	30 Sep 2005	31 Dec 2005
Licence Fees payable for the periods	8 Dec 2002 to 30 Sep 2003 1 Oct 2003 to 30 Sep 2004 1 Oct 2004 to 30 Sep 2005	2 Jan 2003 to 31 Dec 2003 1 Jan 2004 to 31 Dec 2004 1 Jan 2005 to 31 Dec 2005

6 Pro-rated licence fee computation for new licences

6.1 For new licences, the **1st licence fee payable** is computed based on the pro-rated amount of the annual licence fees for the period from the first issue date to the first anniversary date. Examples 3 and 4 show the computation of the 1st licence fees payable for a CMS licence holder and a Representative's licence holder respectively.

[Amended on 1 September 2005]

Example 3

Company A conducts the following activities:

- 1. dealing in securities (as a member of SGX-ST)*
- 2. advising on corporate finance*
- 3. trading in futures contracts*

From Appendix 1,

TOTAL FEE PAYABLE = \$8,000 + \$4,000 + \$2,000 = \$14,000

Assuming Company A's licence is issued on 8 Dec 2002, the licence fee details will be as follows:

<i>Licence fee details – Corporate CMS licence holder</i>	
<i>First Issue Date</i>	<i>8 Dec 2002</i>
<i>Assigned Standard Anniversary Date</i>	<i>30 Sep</i>
<i>1st Anniversary Date</i>	<i>30 Sep 2003</i>
<i>2nd Anniversary Date</i>	<i>30 Sep 2004</i>
<i>Expiry Date</i>	<i>30 Sep 2005</i>
<i>Annual Fee payable</i>	<i>\$14,000</i>
<i>Pro-rated fee- 1st licence fee payment (8 Dec 02 – 30 Sep 03)=297days</i>	<i>\$11,391 (adjusted downwards to the nearest dollar)</i>

Example 4

Representative of Company A

- 1. deals in securities (where his principal company, i.e. Company A, is a member of SGX-ST)*
- 2. trades in futures contract*

From Appendix 1,

FEE PAYABLE = Highest (between \$800 and \$300) = \$800

And assuming the Representative's licence is issued on 2 Jan 2003, the licence fee details will be as follows:

<i>Licence fee details – Representative’s licence holder</i>	
<i>First Issue Date</i>	<i>2 Jan 2003</i>
<i>Assigned Anniversary Date</i>	<i>31 Dec</i>
<i>1st Anniversary Date</i>	<i>31 Dec 2003</i>
<i>2nd Anniversary Date</i>	<i>31 Dec 2004</i>
<i>Expiry Date</i>	<i>31 Dec 2005</i>
<i>Annual Fee payable</i>	<i>\$800</i>
<i>Pro-rated fee- 1st licence fee payment (2 Jan 03 – 31 Dec 03)= 364days</i>	<i>\$797 (adjusted downwards to the nearest dollar)</i>

6.2 For **subsequent payment of annual licence fees** at succeeding anniversary dates (including at the time of renewal), the full amount of annual licence fees will be collected.

Using the above examples 3 and 4, the annual fee payable by Company A and its representative would be \$14,000 and \$800 respectively.

7 Pro-rated licence fees computation - licence fees for additional regulated activity

7.1 For CMS licence holders, when a new activity is added to the licence, licence fees for the additional activity are also pro-rated for the period from the issue date of the new licence (that reflects the additional regulated activity) to the next anniversary date. The anniversary date and expiry date of the licence remain unchanged, ie. the anniversary and expiry date of the new licence will be the same as that of the old licence. Example 5 below shows the scenario where an existing CMS licence holder is given the approval to add a new regulated activity.

Example 5

Company A is issued a CMS licence on 8 Dec 2002 to conduct the following activities:

- 1. dealing in securities (as a member of SGX-ST)*
- 2. advising on corporate finance*
- 3. trading in futures contracts*

Assuming Company A decides to add a new activity to its licence to conduct fund management, and a new licence is issued on 1 Jan 2003 when the new activity application is approved, the licence fee details will be as follows:

<i>Licence fee details – Corporate CMS licence holder</i>	
<i>- Add new activity : Fund Management</i>	
<i>First Issue Date</i>	<i>8 Dec 2002</i>
<i>1st Anniversary Date</i>	<i>30 Sep 2003</i>
<i>2nd Anniversary Date</i>	<i>30 Sep 2004</i>
<i>Expiry date of licence</i>	<i>30 Sep 2005</i>
<i>Date of licence issued with new activity</i>	<i>1 Jan 2003</i>
<i>Next anniversary date nearest to 1 Jan 2003</i>	<i>30 Sep 2003</i>
<i>Current annual fee payable From Appendix 1, FEE PAYABLE = \$8,000 +\$4,000 +\$2,000 = \$14,000</i>	<i>\$14,000</i>
<i>Annual fee for fund management activity</i>	<i>\$4,000</i>
<i>Pro-rated fee for new activity (1 Jan 03 to 30 Sep 03)=273days</i>	<i>\$2,991 (adjusted downwards to the nearest dollar)</i>

7.2 For Representative's licence holders, there may or may not be additional licence fees payable upon adding a regulated activity as it depends on whether the current licence fees payable is the highest amount of licence fees among all the regulated activities (including the newly added regulated activity). Example 6 below illustrates a scenario where there is additional licence fees payable, while in example 7, no additional licence fees is payable.

[Amended on 1 September 2005]

Example 6

Representative 1 of Company A (which is an SGX-ST member company) is issued a Representative's licence on 8 Dec 2002 to trade in futures contracts.

From Appendix 1, his current annual fee payable = \$300

Assuming Representative 1 decides to add a new activity to his licence to deal in securities, and a new licence is issued on 10 Feb 2003 when the new activity is approved, the licence fee details will be as follows:

<i>Licence fee details – Representative’s licence holder</i>	
<i>- Add new activity: Dealing in Securities (where his principal company, that is Company A, is a member of SGX-ST)</i>	
<i>First Issue Date</i>	<i>8 Dec 2002</i>
<i>1st Anniversary Date</i>	<i>30 Sep 2003</i>
<i>2nd Anniversary Date</i>	<i>30 Sep 2004</i>
<i>Expiry date of licence</i>	<i>30 Sep 2005</i>
<i>Date of licence issued with new activity</i>	<i>10 Feb 2003</i>
<i>Next anniversary date (nearest anniversary date to 10 Feb 2003)</i>	<i>30 Sep 2003</i>
<i>Current annual fee payable</i>	<i>\$300</i>
<i>New annual fee payable from Appendix 1 = Highest (between \$800 and \$300)</i>	<i>\$800</i>
<i>Additional licence fee payable for new activity = (New annual fee – current annual fee) = \$800-\$300</i>	<i>\$500</i>
<i>Pro-rated additional licence fee payable for new activity (10 Feb 2003 to 30 Sep 2003) =233days</i>	<i>\$319 (adjusted downwards to the nearest dollar)</i>

Hence Representative 1 must pay a pro-rated additional licence fee of \$319 when his new activity is added to his Representative’s licence.

Example 7

Representative 2 of Company A (which is an SGX-ST member company) is issued a Representative’s licence on 8 Dec 2002 to deal in securities.

From Appendix 1, his current annual fee payable = \$800

Assuming Representative 2 decides to add a new activity to his licence to trade in futures contracts, and a new licence is issued on 10 Feb 2003 when the new activity is approved, the licence fee details will be as follows:

<i>Licence fee details – Representative’s licence holder</i>	
<i>- Add new activity:- Trading in Futures Contracts</i>	
<i>First Issue Date</i>	<i>8 Dec 2002</i>
<i>1st Anniversary Date</i>	<i>30 Sep 2003</i>
<i>2nd Anniversary Date</i>	<i>30 Sep 2004</i>

<i>Expiry date of licence</i>	<i>30 Sep 2005</i>
<i>Date of licence issued with new activity</i>	<i>10 Feb 2003</i>
<i>Next anniversary date (nearest anniversary date to 10 Feb 2003)</i>	<i>30 Sep 2003</i>
<i>Current annual fee payable</i>	<i>\$800</i>
<i>New annual fee payable from Appendix 1 =Highest (between \$800 and \$300)</i>	<i>\$800</i>
<i>Additional licence fee payable for new activity = (New annual fee – current annual fee) = \$800-\$800</i>	<i>\$0</i>
<i>Pro-rated additional licence fee payable for new activity (10 Feb 2003 to 30 Sep 2003)=233days</i>	<i>\$0</i>

Hence there is no additional licence fee payable by Representative 2 when his new activity is added to his Representative's licence.

7.3 For **subsequent payment of annual licence fees** at succeeding anniversary dates (including at the time of renewal), the annual fee of the additional regulated activity will be added to the existing annual fee for corporate licensee. For representatives, the annual fee will be the highest fee among the regulated activities that the person is conducting.

Using examples 5, 6 and 7

Annual fee payable in subsequent years for Company A

= existing annual fee + annual fee of additional regulated activity

= \$14,000 + \$4,000 = \$18,000

Annual Fee payable by Representatives 1 and 2 of Company A

= \$800 (each representative)

APPENDIX 1

Application Fees

<i>Form</i>	Application Forms	Accompanying Application Fee (S\$)
1	Application for new CMS licence	1,000
2	Application for renewal of CMS licence	500
3	Application for representative's licence	200
4	Application for renewal of representative's licence	100
5	Application for additional regulated activity under a CMS licence	500
6	Application for additional regulated activity under a representative's licence	100

Annual Licence Fees for Regulated Activities

<i>Type of Regulated Activity</i>	Annual Fees for Companies (S\$)	Annual Fees for Representatives (S\$)
Dealing in Securities – Member of SGX-ST (<i>both clearing and non-clearing members of SGX-ST</i>)	8,000	800
Dealing in Securities – Non-Member of SGX-ST	4,000	300
Fund Management	4,000	300
REIT Management	4,000	300
Advising on Corporate Finance	4,000	300
Trading in Futures Contracts	2,000	300
Leveraged Foreign Exchange Trading	2,000	300
Securities Financing (<i>staff employed to conduct Securities Financing need not be licensed</i>)	2,000	n.a.
Custodial Services for Securities (<i>staff employed to conduct Custodial Services need not be licensed</i>)	2,000	n.a.

[Amended on 1 August 2008]