



Monetary Authority of Singapore

**SECURITIES AND FUTURES ACT
(ACT 42 OF 2001)**

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

CANCELLED

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

1 This Notice is issued pursuant to section 101 of the Securities and Futures Act (Act 42 of 2001) [“SFA”] to the holders of a Capital Markets Services (“CMS”) licence, holders of a representative’s licence, exempt financial institutions (“FIs”) and their representatives. Exempt FIs refer to banks, merchant banks and finance companies.

2 This Notice sets out the following:

- (a) Minimum entry requirements for individuals applying for a representative’s licence under the SFA, or employed by or acting for an exempt FI in respect of any of the regulated activities under the SFA;
- (b) Application of the Capital Markets and Financial Advisory Services Examination (“CMFAS Exam”) requirements¹ to individuals intending to conduct regulated activities under the SFA;
- (c) Circumstances under which the CMFAS Exam requirements do not apply;
- (d) Transitional arrangements for the implementation of the CMFAS Exam requirements; and
- (e) Obligations of CMS Licence Holders and exempt FIs.

¹ For the purposes of this Notice, “CMFAS Exam Requirements” means the requirements to pass the relevant modules of the CMFAS Exam.

MINIMUM ENTRY REQUIREMENTS

3 Individuals applying for a representative's licence under the SFA, or employed by or acting for an exempt FI in respect of any of the regulated activities under the SFA must satisfy the following requirements:

- (a) They shall be at least 21 years old;
- (b) They shall have obtained at least 4 GCE "O" level credit passes or its equivalent; and
- (c) They shall comply with the examination requirements of this Notice.

4 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.

5 Paragraph 3(b) does not apply to the following individuals:

- (a) Those who are already conducting regulated activities under the SFA on 1 October 2002; and
- (b) Those who are employed by a member company of the Singapore Exchange Securities Trading Ltd ("SGX-ST") as a Central Buyer or Arbitrage Clerk.

APPLICATION OF THE CMFAS EXAM REQUIREMENTS

6 The CMFAS Exam will commence on 1 December 2002. It comprises 9 modules as follows:

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

7 The CMFAS Exam requirements apply to individuals listed in paragraph 8 who wish to conduct the following regulated activities under the SFA:

- (a) Dealing in securities;
- (b) Trading in futures contracts;
- (c) Advising on corporate finance; and
- (d) Fund management

8 The individuals who are subject to the CMFAS Exam requirements are:

- (a) Those applying for a representative’s licence under the SFA to carry out the regulated activities listed in paragraph 7 on behalf of the holder of a CMS licence; and
- (b) Those employed by or acting for an exempt FI in respect of any of the regulated activities listed in paragraph 7.

These individuals shall be referred to as “representatives” in the following paragraphs of this Notice.

9 With effect from 1 December 2002, a representative who intends to conduct a regulated activity (stated in paragraph 7) shall pass the relevant modules under the CMFAS Exam pertaining to that regulated activity. The applicable modules for each regulated activity are set out below:

REGULATED ACTIVITY	MODULE						
	Rules & Regulations					Product Knowledge & Analysis	
	1	2	3	4A	4B	6	7
Dealing in Securities	√					√	
Trading in Futures Contracts - Full Trading		√					√
Trading in Futures Contracts - Floor Trading		√					
Trading in Futures Contracts - Restricted Trading		√					√
Fund Management - solely securities funds			√			√	
Fund Management – solely futures funds			√				√
Fund Management – both securities and futures funds			√			√	
Advising on Corporate Finance				√			
Advising on Corporate Finance - solely debt securities					√		

10 The CMFAS Exam requirements do not apply to the following representatives:

- a) Representatives who carry out venture capital fund management;
- b) Representatives who are employed by a member company of the SGX-ST as Central Buyer or Arbitrage Clerk and who have passed the qualifying examination prescribed under the SGX-ST Rules and Bye-Laws.
- c) Representatives who are approved by the Singapore Exchange Derivatives Trading Limited ("SGX-DT") as a registered representative of a member company of the SGX-DT and who confine their regulated activity to clearing of futures contracts.

11 Representatives who conduct corporate finance activities shall pass Module 4. They are not required to pass Modules 1 and 6.

12 Representatives carrying out securities dealing activities shall pass Module 1 and Module 6, regardless of whether their principal companies are members or non-members of the SGX-ST.

13 In addition to passing the relevant modules of the CMFAS Exam, representatives conducting futures trading activities on the trading floor shall pass a floor practices examination conducted by SGX-DT, or a body appointed by SGX-DT.

14 Representatives who deal in securities and trade in single stock futures contracts shall pass Modules 1 and 6.

15 Representatives who restrict their futures trading activities to equity index futures and options contracts shall pass Module 2 and Module 7. For Module 7, they will be tested on questions pertaining to equity index futures and options contracts.

ADMINISTRATION OF CMFAS EXAM

16 Modules 1-4A, 4B, 6 and 7 will be conducted by the Institute of Banking & Finance ("IBF"). Details of the syllabus, examination format and duration of these modules can be obtained from IBF.

CIRCUMSTANCES UNDER WHICH THE CMFAS EXAM REQUIREMENTS DO NOT APPLY

17 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

18 Representatives who possess any of the following qualifications or work experience are not required to pass the product knowledge modules as specified below:

Module 6

- (a) Degree in accountancy, economics, commerce, business/business administration, finance, actuarial science, financial engineering, or capital markets; or
- (b) 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 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; or
- (c) Professional qualifications as listed in Annex 1.

Module 7

- (a) 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 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; or
- (b) Professional qualifications as listed in Annex 2.

Fund Management

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

- (a) They manage funds only for accredited investors; or
- (b) They work in a fund management unit of their principal company where at least 75% of the customers of the unit are individuals who have net investible assets exceeding \$1 million in value (or its equivalent in any foreign currency). Net investible assets include securities, cash deposits, non-listed investments and any interest or right which is readily convertible to tangible assets, but do not include:
 - i) any immovable property;
 - ii) any mortgage; or
 - iii) any loan.

Advising on Corporate Finance

20 Representatives who meet the following criteria in respect of advising on corporate finance are not required to pass Module 4:

- (a) Those who advise solely on non-Singapore projects; or

- (b) Those who advise on both Singapore and non-Singapore projects, and have more than 3 years of relevant and continuous working experience in advising on corporate finance. However, these representatives are required to complete a non-examinable course on the rules and regulations for advising on corporate finance before commencing corporate finance advisory on Singapore projects.

RE-TAKING OF RULES AND REGULATIONS MODULES

21 A representative who has passed the CMFAS Exam and wishes to apply for a representative's licence or commence employment with an exempt FI after a lapse of more than 3 years is required to re-take the rules and regulations modules.

DISCONTINUATION OF EXAMINATIONS UNDER THE SECURITIES INDUSTRY ACT AND FUTURES TRADING ACT REGULATORY REGIMES ("OLD EXAMINATION")

22 With effect from 1 October 2002, Paper I (which is on rules and regulations) of the Trading Representatives' Examination ("TRE"), Investment Representatives' Examination ("IRE"), and Futures Examination ("FE") will be discontinued.

23 Paper II of the TRE and IRE, and Paper II and III of the FE will continue only for the period from 1 October 2002 to 30 November 2002.

TRANSITIONAL ARRANGEMENTS FOR IMPLEMENTATION OF THE CMFAS EXAM REQUIREMENTS

24 The following paragraphs set out the transitional arrangements to ensure a smooth transition from the old examination requirements to the new CMFAS Exam requirements. These arrangements take into consideration the need to cater to representatives who have already passed the old examination, or who intend to join the industry before the CMFAS Exam commences.

Existing Representatives

25 Representatives who are already conducting the regulated activities with a holder of CMS licence or an exempt FI on 1 October 2002 would not have to pass the CMFAS Exam. However, they are required to complete a non-examinable course on the relevant rules and regulations, within one year from 1 December 2002 (i.e. by 30 November 2003). Such courses are available at IBF. Alternatively, the representatives can attend in-house courses conducted by their companies which meet the following conditions:

- (a) Each course must be at least 3 hours and be based on the contents of the IBF study guides/textbooks for the relevant rules and regulations modules; and
- (b) The person conducting the training course must be proficient in the subject-matter. He must have at least passed the examination of the relevant modules administered by IBF, or otherwise possesses the relevant expertise and experience.

Outstanding Applications with MAS

26 Applications for representative's licences which are still pending as at 1 October 2002 will be processed so long as the applicants satisfy the old examination requirements (or are otherwise exempt from the examination requirements). However, these applicants, if granted representative's licences, are required to complete a non-examinable course on the relevant rules and regulations, within one year from 1 December 2002 (i.e. by 30 November 2003), in lieu of passing the relevant rules and regulations modules under the CMFAS Exam.

Applications Submitted between 1 October 2002 and 30 November 2002

27 Applications for representative's licences submitted during the period from 1 October 2002 to 30 November 2002 will be processed, notwithstanding that the CMFAS Exam will not be available during this period. These applicants are required to satisfy the relevant product knowledge and analysis papers under the old examination.

28 Applicants who have passed the rules and regulations papers under the old examination, or who have been conducting the relevant regulated activity with a holder of CMS licence, within 2 years before the date of applications (or are otherwise exempt from the examination requirements), are required to undertake a non-examinable course on the relevant rules and regulations, in lieu of passing the relevant rules and regulations modules under the CMFAS Exam. This should be completed within 1 year from 1 December 2002 (i.e. by 30 Nov 2003).

29 Other applicants, such as those who have not passed the relevant rules and regulations papers of the old examination can be granted a licence so long as they satisfy other admission criteria, subject to the condition that they pass the relevant rules and regulations modules of the CMFAS Exam within 6 months from 1 December 2002 (i.e. by 31 May 2003). If they do not meet this condition, they will need to cease their regulated activities.

Representatives Joining Exempt FIs between 1 October 2002 and 30 November 2002

30 Representatives employed by an exempt FI during the period from 1 October 2002 to 30 November 2002 are required to undertake a non-examinable course on the relevant rules and regulations modules that pertain to their regulated activities, in lieu of passing the relevant rules and regulations modules under the CMFAS Exam. This should be completed within 1 year from 1 December 2002 (i.e. by 30 November 2003).

Applications Submitted on or after 1 December 2002

31 Applicants who submit their applications for representative's licences on or after 1 December 2002 are required to pass the relevant modules of the CMFAS Exam.

32 Paragraph 31 does not apply to those who are subject to the requirement in paragraphs 25 and 28, and who have completed the requisite course by 30 November 2003.

33 Paragraph 31 also does not apply to those who submit applications for representative's licences during the period between 1 December 2002 and 30 November 2003 and who have:

- Passed the relevant rules and regulations papers of the old examination within one-year before the date of application for representative's licence; and
- Passed the relevant product knowledge papers/modules of the old examination/CMFAS Exam (or are otherwise exempted).

OR

- Ceased carrying out any regulated activity with a licensed company under the repealed Securities Industry Act or Futures Trading Act before 1 October 2002 and re-apply for a representative's licence to conduct the same activity within one-year from the date of their cessation.

Such representatives shall complete a non-examinable course on the relevant rules and regulations by 30 November 2003, in lieu of passing the relevant rules and regulations modules under the CMFAS Exam.

Representatives Joining Exempt FIs on or after 1 December 2002

34 Representatives employed by exempt FIs on or after 1 December 2002 are required to pass the relevant modules of the CMFAS Exam before they can commence the regulated activities.

35 Paragraph 34 does not apply to those who are subject to the requirement in paragraphs 25 and 30, and who have completed the requisite course by 30 November 2003.

36 Paragraph 34 also does not apply to those who are employed by exempt FIs during the period between 1 December 2002 and 30 November 2003 and who have:

- . Passed the relevant rules and regulations paper of the old examination within one year before their employment with the exempt FIs; and
- . Passed the relevant product knowledge papers/modules of the old examination/CMFAS Exam (or otherwise exempted).

OR

- . Ceased carrying out any regulated activity with a licensed company under the repealed Securities Industry Act and Futures Trading Act before 1 October 2002 and re-commence the same activity with the exempt FIs within one year from the date of their cessation.

Such representatives shall complete a non-examinable course on the relevant rules and regulations by 30 November 2003, in lieu of passing the relevant rules and regulations modules under the CMFAS Exam.

OBLIGATIONS OF CMS LICENCE HOLDERS AND EXEMPT FIs

37 All holders of a CMS licence and exempt FIs are required to maintain a register of their representatives who are subject to the requirement to complete a non-examinable course relating to their regulated activities. They shall enter into the register the type of regulated activities conducted by the representatives and the date on which they have completed the course.

38 In addition, exempt FIs shall ensure that their representatives have complied with the examination requirements of this Notice. They shall not allow their representatives who are subject to the examination requirement under paragraph 34 (and are not exempt under paragraphs 18, 19 and 20) to commence any regulated activity unless they have passed the relevant modules of the CMFAS Exam.

Note:

Under Section 101(3) of the SFA, 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.

ANNEX 1

Persons possessing any of the following professional qualifications are not required to pass Module 6

1. Trading Representatives' Examination Paper II conducted by the Institute of Banking and Finance ("IBF");
2. Investment Representatives' Examination Paper II conducted by the IBF;
3. Diploma in Investment (which was conducted by the IBF);
4. Diploma in Investment conducted by The Singapore Human Resources Institute ["SHRI"];
5. Diploma in Banking and Finance (which was conducted by the IBF);
6. Diploma in Banking and Finance from the SHRI;
7. Skills Certificate – Investment (which was awarded by the IBF);
8. Skills Certificate – Investment awarded by the SHRI;
9. Diploma in Banking and Financial Services conducted by all Polytechnics in Singapore;
10. Banking or Financial Studies Diploma conducted by the Chartered Institute of Bankers, UK;
11. Chartered Financial Analyst Level 1 Examination conducted by the Association for Investment Management & Research, USA;
12. Diploma in Financial Planning from the IBF/Singapore College of Insurance ("SCI");
13. Associate Financial Consultant by the Life Underwriters Association of Singapore;

14. Associate Financial Planner of the Financial Planning Association of Singapore;
15. Series 6 and Series 7 of the National Association of Securities Dealers, USA;
16. Investment Management Certificate of the UK Institute of Investment Management & Research Examinations;
17. Investment Management Certificate of the UK Society of Investment Professionals;
18. Chartered Life Underwriter by the American College, USA; or Chartered Life Underwriter Singapore by the SCI;
19. Chartered Financial Consultant by the American College, USA; or Chartered Financial Consultant Singapore by SCI;
20. Certified Financial Planner by the Certified Financial Planners Board of Standards;
21. Securities Institute Certificate Examination (formerly known as Registered Persons Examination) by the Financial Services Authority, UK;
22. Associate/Fellow of the Institute of Actuaries, England;
23. Associate/Fellow of the Faculty of Actuaries, Scotland;
24. Associate/Fellow of the Society of Actuaries, USA;
25. Associate/Fellow of the Institute of Actuaries of Australia;
26. Associate/Fellow of the Casualty Actuarial Society, USA.

Persons Possessing any of the following professional qualifications are not required to pass Module 7

1. Futures Trading Test (which was conducted by the IBF);
2. Futures Examination Paper III conducted by the IBF;
3. Series 3 of the National Association of Securities Dealers, USA;
4. Futures and Options Representative's Examination conducted by the Securities & Futures Authority Ltd, UK;
5. Diploma in Investment (which was conducted by the IBF between October 1998 and December 2001);
6. Diploma In Investment conducted by the SHRI;
7. Advanced Certification in Investment conducted by the Nanyang Polytechnic.

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