



Monetary Authority of Singapore

**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**

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 (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-N01) issued on 1 October 2002 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”) requirements¹ 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.

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

MINIMUM ENTRY REQUIREMENTS

3 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 have:
 - (i) obtained at least 4 GCE "O" level credit passes or its equivalent; or
 - (ii) possessed 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);
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.

APPLICATION OF THE CMFAS EXAM REQUIREMENTS

5 The CMFAS Exam, which commenced on 1 December 2002, 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 |

6 The CMFAS Exam requirements apply to individuals listed in paragraph 7 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.

It does not apply to individuals who wish to conduct any of the following regulated activities under the Act:

- (i) leveraged foreign exchange trading;
- (ii) providing custodial services for securities;
- (iii) securities financing.

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

- (a) persons applying for a representative’s licence under the Act to carry out any of the regulated activities listed in paragraph 6(a), (b), (c) and (d) on behalf of the holder of a CMS licence; and
- (b) persons employed by or acting for an Exempt FI in respect of any of the regulated activities listed in paragraph 6(a), (b), (c) and (d).

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

8 With effect from 1 December 2002, a specific representative is required to pass the relevant modules under 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 | |
| | 1 | 2 | 3 | 4A | 4B | 6 | 7 |
| Dealing in Securities | 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 | | |

9 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 1 and 6.

10 Specific representatives carrying out securities dealing activities are required to pass Modules 1 and 6, regardless of whether their principal companies are members or non-members of the Singapore Exchange Securities Trading Limited.

11 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.

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

13 Specific representatives who restrict their futures trading activities to equity index futures and options contracts are required to pass Modules 2 and 7. For Module 7, they will be tested on questions pertaining to equity index futures and options contracts.

ADMINISTRATION OF CMFAS EXAM

14 Modules 1 to 4A, 4B, 6 and 7 will be conducted by the Institute of Banking and 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

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 1 and 6

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

- (a) persons who advise solely on matters concerning raising funds and other corporate finance projects (referred to as the "Projects" in this paragraph), 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
- (c) persons who advise on matters concerning the Projects, whether such Projects are in Singapore or elsewhere, subject to the following conditions:
 - (i) such persons have at least 3 years of relevant and continuous working experience in advising on corporate finance without any break-in-service of more than 6 months between the specific representative's last working experience in advising on corporate finance and the date of his licence application or entry into the industry, as the case may be; and
 - (ii) such persons have completed a non-examinable course on the rules and regulations for advising on corporate finance before commencing any corporate finance advisory activity. Such a course is available at IBF. Alternatively, they can attend an in-house course conducted by qualified person. 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.

RE-TAKING OF RULES AND REGULATIONS MODULES

21 The following individuals are required to re-take the applicable rules and regulations modules 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 are 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, but did not 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.

OBLIGATIONS OF CMS LICENCE HOLDERS AND EXEMPT FIs

22 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 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 course.

23 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.

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, and financial planning;
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 and Financial Services, Diploma in Accountancy and Finance, and Diploma in Financial Services from all Polytechnics in Singapore;
12. Graduate Diploma in Financial Management from Singapore Institute of Management;

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

26. The Association of Chartered Certified Accounts (ACCA) Qualifications;
27. The Chartered Accountant (ACA) Qualifications;
28. Associate/Fellow of the Institute of Actuaries, England;
29. Associate/Fellow of the Faculty of Actuaries, Scotland;
30. Associate/Fellow of the Society of Actuaries, USA;
31. Associate/Fellow of the Institute of Actuaries of Australia;
32. Associate/Fellow of the Casualty Actuarial Society, USA;
33. 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 3(b)(ii) of this Notice.

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ANNEX 2**Persons possessing any of the following qualifications or working experience are not required to pass Module 7**

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. Diploma in Investment (previously conducted by IBF between October 1998 and December 2001);
8. Diploma In Investment conducted by SHRI;
9. Certified Financial Planner by the Certified Financial Planners Board of Standards, USA;
10. Chartered Financial Analyst Level 1 Examination conducted by the Association for Investment Management & Research, USA;
11. Chartered Financial Consultant by the American College, USA; or Chartered Financial Consultant Singapore by SCI;
12. Advanced Certification in Investment conducted by the Nanyang Polytechnic;

13. 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 3(b)(ii) of this Notice.

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