



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**

FREQUENTLY ASKED QUESTIONS

Disclaimer: The FAQs are meant to provide guidance to the industry on MAS' policy and administration of the Securities and Futures Act and regulations. They do not constitute legal advice. MAS expects industry participants to retain their independent legal counsel to advise them on how their business operations should be conducted in order to satisfy the legal/regulatory requirements and to advise them on all applicable laws, rules or regulations of Singapore.

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(A) Minimum Entry Requirements

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

Yes.

- 2. *What is considered equivalent to 4 GCE “O” level credit passes?***

The minimum educational qualification requirement for persons conducting regulated activities under the SFA is 4 GCE “O” level credit passes. So long as an individual has 4 GCE “O” level credit passes or higher educational qualifications such as a GCE “A” level certificate, diploma or degree in any discipline, they would be considered as meeting the minimum educational requirement. For foreign qualifications, individuals must possess at least 4 passes in any national examination that is equivalent to 4 GCE “O” level passes.

- 3. *I wish to act as a temporary representative as defined under section 99F of the SFA. Must I comply with the minimum entry requirement spelled out in this Notice?***

No. You are subject to a separate set of requirements as specified in the Notice on the Entry Requirements of a Provisional or Temporary Representative (Notice SFA 04-N10).

- 4. *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 must have at least 4 GCE “O” level credit passes or its equivalent. Alternatively, if you have sat for the GCE “O” Level Examination before or in the year 1980, you must have at least 2 GCE

“O” level credit passes and at least 3 years of relevant and continuous working experience over the past 5 years in respect of the regulated activity to be conducted.

- 5** *I do not have 4 GCE “O” level credit passes but have been working as a trading clerk with a broking company. Can I subsequently act as a remisier or dealer of the company?*

No, unless you have – (i) sat for the GCE “O” Level Examination before or in the year 1980 and obtained at least 2 GCE “O” level credit passes; (ii) at least 3 years of working experience as a trading clerk over the past 5 years; and (iii) satisfied the examination requirements.

(B) Examination Requirements

- 1.** *Do I have to pass any examination if I wish to carry out only leveraged foreign exchange trading?*

Yes, you have to pass Module 1A, 1B, 2A or 2B, and either Module 6 or 7 (unless otherwise exempted). With effect from 1 January 2012, you have to pass Module 1A, 1B, 2A or 2B, and Module 6A.

- 2.** *I’m currently an appointed representative carrying out securities dealing and wish to expand my activity to include the trading of equity index futures contracts. Which modules should I take?*

You must pass Module 2A and/or 2B and Module 7 of the CMFAS Exam (unless otherwise exempted). With effect from 1 January 2012, you must pass Module 2A and/or 2B and Module 6A.

- 3.** *I am joining a bank to deal solely in Singapore Government securities. Do I have to pass any CMFAS Exam?*

No.

- 4.** *I intend to deal in bonds with accredited investors, do I have to pass the CMFAS Exam?*

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

5. ***Do I have to take any CMFAS Exam if I am employed by a CMS licensee as a proprietary trader with respect to trading in futures contracts?***

No.

6. ***How would the CMFAS Exam affect me if I am 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 wish to join a CMS licensee or an exempt financial institution [“exempt FI”] to conduct any regulated activity, you will have to comply with the examination requirements.

7. ***I was previously working in a specialised unit serving high net worth individuals exempted under section 100(2) of the Financial Advisers Act [“FAA”]. Do I have to pass Module 3, 6 and 7 if I subsequently join a fund management company that is not exempted under section 100(2) of the FAA?***

Yes, you will have to pass Module 3 and Module 6 or 7 (unless otherwise exempted). With effect from 1 January 2012, you are required to pass Module 3 and Module 6 or 6A.

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

Module 4A applies to those who wish to conduct 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.

9. ***If I wish to conduct corporate finance advisory and dealing in securities in connection with corporate finance advisory, such as placement and underwriting of IPOs, what modules should I take?***

You will have to pass Module 4A to conduct corporate finance advisory. If you also intend to conduct placement and underwriting activities in relation to the corporate finance activities of your principal company (but you are not involved in corporate finance advisory), you will have to pass Modules 1B and 6. With effect from 1 January 2012, you also have to pass Module 6A if you are carrying out placement and underwriting of securities which are Specified Investment Products.

- 10. *I have passed the CMFAS Exam more than 3 years ago and have not commenced any regulated activities. Do I have to re-take the CMFAS Exam if I wish to carry out the relevant regulated activity now?***

You will have to re-take and pass the relevant rules and regulations module(s) before commencing the activity. There is no need for you to re-take the Module(s) on product knowledge. However, you will have to pass Module 6A if you carry out dealing in securities (which are Specified Investment Products), trading in futures contracts or leveraged foreign exchange.

- 11. *I was employed with a CMS licensee/Exempt FI to carry out regulated activity under the SFA on 1 October 2002. I left the company subsequently without completing a non-examinable course by the stipulated deadline of 30 November 2003. Can I take a non-examinable course now if I wish to re-commence the same regulated activity.***

No. You have to pass the relevant rules and regulations module(s) before re-commencing the activity.

- 12. *I was employed with a CMS licensee/Exempt FI to carry out regulated activity under the SFA on 1 October 2002 and have completed the relevant non-examinable course. I subsequently ceased carrying out the relevant regulated activity. Do I have to re-take the relevant rules and regulations module(s) if I wish to join a CMS licensee/Exempt FI to conduct the same activity in the future.***

Your completion of the non-examinable course will be valid for 3 years following your cessation of the regulated activity. This means that you would be required to re-take the relevant rules and regulations module(s) if you intend to re-commence the relevant regulated activity with a CMS licensee or an exempt FI more than 3 years after your cessation.

13. Will existing representatives conducting additional regulated activities be “exempted” from passing the CMFAS Exam?

No. They will be treated as new entrants in respect of the new activities, and must pass the relevant CMFAS Exam before they can commence the new activities.

14. I was employed with a bank in Singapore to conduct corporate finance advisory activities for 3 continuous years before taking a break of slightly more than 6 months. Do I have to take Module 4A if I wish to re-commence the same activity again?

You do not need to take Module 4A if you had previously passed Module 4A or completed a non-examinable course prior to 30 June 2005 on Module 4A while you were employed with the bank. Your passing of Module 4A is valid for 3 years following your cessation of the regulated activity.

15. 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 each employee. Generally, if the activities the employee carries 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, the relevant CMFAS Exams including Module 3 and Module 6 or 7, will apply. With effect from 1 January 2012, the representative will be required to pass Module 3 and Module 6 or 6A.

This includes employees who are engaged in managing funds for customers or 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 services such as marketing collective investment schemes and other activities not directly connected with fund management, they would be subject to the relevant examination requirements under the FAA.

An employee who conducts the central dealing function will be required to notify as an appointed representative to conduct dealing in securities or trading in futures contracts, as may be applicable. Such employee is required to pass the applicable Modules relevant to dealing in securities or trading in futures contracts.

- 16. *I do not have 4 GCE “O” level credit passes but have 3 years of relevant and continuous working experience in the regulated activities that I wish to conduct. Would my 3 years of working experience qualify me for exemption from having to pass Module 6 and/or 7?***

No. The exemption for persons who have 3 years of relevant working experience does not apply if such person does not have 4 GCE “O” level credit passes.

- 17. *I have taken some business and finance units as part of my degree or higher qualification programme. I would like to know whether I can be granted exemption from having to pass Module 6. More specifically, whether my degree or higher qualification will be accepted as having 'emphasis' on accountancy, actuarial science, business/business administration/business management/business studies, capital markets, commerce, economics, finance, financial engineering, financial planning, or computational finance as required in Annex 1 of the Notice.***

To qualify for exemption from Module 6, your major in the degree or higher qualification has to be in the areas mentioned above. Alternatively, your degree or higher qualification must have more than 50% of its syllabus in the areas mentioned above.

- 18. *I have passed Module 3 and I am exempted from Module 6 and 7. I wish to join a start-up boutique fund manager to conduct fund management activities. Do I have to take any other CMFAS exam?***

No.

- 19. *I wish to be an appointed representative and have queries on how to seek exemptions from certain modules of the CMFAS Exam? Who should I approach?***

You should refer to the Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions [Notice SFA 04-N09] for more details of available exemptions. As a proposed appointed representative must be supported by a principal, you should discuss with the principal supporting your appointment on whether any exemption would apply to you.

20. *I am currently an appointed representative carrying out securities dealing, do I need to pass Module 6A?*

You must pass Module 6A by 30 June 2013 if you deal in securities which are Specified Investment Products.

21. *I am currently an appointed representative carrying out futures trading or leveraged forex trading, do I need to pass Module 6A too?*

You must pass Module 6A by 30 June 2013 if you deal in any type of Specified Investment Products.

22. *I am a currently an appointed representative carrying out securities dealing (which include any Specified Investment Product) or futures trading or leveraged foreign exchange trading. I understand that I have until 30 June 2013 to pass Module 6A. In the interim, can I still continue carrying out securities dealing (which include any Specified Investment Product), futures trading or leveraged foreign exchange trading?*

You have until 30 June 2013 to pass Module 6A. In the interim, you will still be allowed to continue carrying out dealing in securities (which include any Specified Investment Product), futures trading or leveraged foreign exchange trading. If you have not passed Module 6A by 30 June 2013, you will only be allowed to carry out dealing in securities which are Excluded Investment Products. You are not allowed to carry out dealing in securities where the securities is any Specified Investment Product, futures trading or leveraged foreign exchange trading until you pass Module 6A.

23. *I would like to submit a notification to carry on the regulated activity of*

dealing in securities which are Specified Investment Products for accredited investors. Do I have to pass Module 6A?

You are not required to pass Module 6A if you possess certain qualifications as set out in paragraph 18C of the SFA Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions (Notice SFA04-N09)

24. I am currently an appointed representative carrying out futures trading and wish to submit a notification to expand my activity to include leveraged foreign exchange trading. Which module should I take?

As an existing appointed representative for trading in futures contracts, you have until 30 June 2013 to pass Module 6A. If you wish to expand your activity to include leveraged foreign exchange trading on or after 1 January 2012, you are required to pass Module 6A before you can submit your notification to add the regulated activity in leveraged foreign exchange trading.

25. I am currently an appointed representative carrying out dealing in securities which are Specified Investment Products. I have been dealing in securities for more than 3 years and hold a bachelor degree in finance. I would like to know whether I can be granted exemption from having to pass Module 6A based on Annex 1A of the Notice.

No. You will be exempted from the requirement to pass Module 6A if you possess certain qualifications as set out in paragraph 18C of the SFA Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions (Notice SFA04-N09).

26. I am currently an appointed representative carrying out trading in futures contracts. If I wish to leave my current principal and move to another principal company, do I need to pass Module 6A before I can submit my notification with a new principal?

If you are an appointed representative for trading in futures contracts as at 1 January 2012, you have until 30 June 2013 to pass Module 6A. If you move to another principal company before 30 June 2013 and confine your

activity to trading in futures contracts, you still have until 30 June 2013 to pass Module 6A. However, if you wish to expand your regulated activity to include leveraged foreign exchange trading on or after 1 January 2012, you have to pass Module 6A before you can submit your notification with the new principal.

- 27. *I was informed by IBF that from 1 January 2012, they will discontinue Module 7 of the CMFAS. I have passed Module 7 before 1 January 2012. Can I still submit my notification to carry out trading in futures contracts or leveraged foreign exchange trading on and after 1 January 2012?***

If you submit your notification before 1 January 2012, your notification will be processed provided you meet the other requirements to be an appointed representative. If you submit your application on or after 1 January 2012, you have to pass the relevant modules of the CMFAS Exam.

- 28. *I currently possess a qualification listed in Annex 1A. Will I continue to qualify for exemption from Module 6 on and after 1 January 2012?***

Yes. You are not required to pass Module 6.

- 29. *I currently possess a qualification listed in Annex 2A. Will I continue to qualify for exemption from Module 7 on and after 1 January 2012?***

As Module 7 will be discontinued and replaced with Module 6A on 1 January 2012, the exemption from Module 7 will only be applicable until 1 January 2012. You will be exempted from the requirement to pass Module 6A if you possess certain qualifications as set out in paragraph 18C of the SFA Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions (Notice SFA04-N09).

- 30. *If I currently possess a qualification listed in Annex 1 or 2 but the qualification is not listed in Annex 1A or 2A, am I required to pass Module 6 or 7 respectively on and after 1 January 2012?***

You are required to pass Module 6 or 7, unless –

- (i) you are an existing appointed representative who has been conducting relevant regulated activities immediately before 19 October 2011 and continue to conduct such regulated activities on and after 19 October 2011;
- (ii) your principal has lodged with the Authority documents under section 99H of the Act, in relation to your appointment as an appointed representative before 1 January 2012; or
- (iii) there is no break in service of more than 6 months between your last working experience as a representative conducting relevant regulated activities and the date of your principal's lodgment with the Authority of documents under section 99H of the Act, in relation to your appointment as an appointed representative.

Module 7 will be discontinued and replaced with Module 6A with effect from 1 January 2012. You will be exempted from the requirement to pass Module 6A if you possess certain qualifications as set out in paragraph 18C of the SFA Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions (Notice SFA04-N09).

[updated in November 2011]

31. *May I know whether degrees which include finance-related content would qualify for exemption from M6A?*

Only a degree or higher qualification majoring in finance, financial engineering or computational finance will qualify for exemption as stated in paragraph 18C of the SFA Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions (Notice SFA04-N09). Other degrees with a minor or module in finance or finance-related content will not be recognized for exemption. The exemption list for the new modules has been kept focused on the finance discipline to effectively raise minimum standards, in keeping with the intent of enhancing representatives' knowledge of derivatives and complex products when they advise, market or deal in Specified Investment Products. We note that most tertiary programmes in financial engineering or computational finance are offered at the postgraduate level.

[updated in January 2012]