

No. S 709

**SECURITIES AND FUTURES ACT
(CHAPTER 289)**

**SECURITIES AND FUTURES
(LICENSING AND CONDUCT OF BUSINESS)
(AMENDMENT) REGULATIONS 2010**

In exercise of the powers conferred by sections 2(1), 84, 85, 90, 91, 93 to 97, 99, 99B, 99C, 99D, 99E, 99F, 99H, 99I, 99K, 99L, 99M, 100, 102, 104, 123, 337 and 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Licensing and Conduct of Business) (Amendment) Regulations 2010 and shall come into operation on 26th November 2010.

Amendment of heading to Part II

2. Part II of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) (referred to in these Regulations as the principal Regulations) is amended by inserting, immediately after the word “LICENSING” in the Part heading, the words “, REPRESENTATIVE NOTIFICATION”.

Amendment of regulation 3

3. Regulation 3(1) of the principal Regulations is amended by deleting the words “(under “Legislation and Notices”, “Securities and Futures”)” and substituting the words “(under “Regulations and Licensing”)”.

Deletion and substitution of regulation 3A and new regulations 3B, 3C and 3D

4. Regulation 3A of the principal Regulations is deleted and the following regulations substituted therefor:

“Lodgment of documents and undertaking of responsibilities for representative

3A.—(1) A notice of intent under section 99H(1)(a) of the Act by a principal to appoint an individual as an appointed representative in respect of a type of regulated activity and a certificate under section 99H(1)(b) of the Act by the principal as to the fitness and propriety of the individual to be so appointed shall be in Form 3A.

(2) A notice of intent under section 99H(1)(a) of the Act by a principal to appoint an individual as a provisional representative in respect of a type of regulated activity and a certificate under section 99H(1)(b) of the Act by the principal as to the fitness and propriety of the individual to be so appointed shall be in Form 3B.

(3) A notice of intent under section 99H(1)(a) of the Act by a principal to appoint an individual as a temporary representative in respect of a type of regulated activity and a certificate under section 99H(1)(b) of the Act by the principal as to the fitness and propriety of the individual to be so appointed shall be in Form 3C.

(4) A principal who lodges with the Authority the certificate under section 99H(1)(b) of the Act shall retain copies of all information and documents which it relied on in giving the certificate for a period of 5 years from the date of lodgment.

(5) For the purposes of section 99H(1)(c) of the Act, a principal shall undertake all of the following responsibilities in relation to its representative:

- (a) to put in place measures to properly supervise the activities and conduct of the representative, including measures to ensure that all obligations assumed and liabilities incurred by him are properly fulfilled, whether actual or contingent and howsoever arising, in relation to carrying out any regulated activity;
- (b) to put in place measures, including proper training, to ensure that the representative understands and complies with all Singapore laws that are relevant to the regulated activity carried out by him;
- (c) to ensure that the representative is accompanied at all times by any of the persons referred to in paragraph (6) when meeting any client or member of the public in the course of carrying on business in any regulated activity;
- (d) to ensure that the representative sends concurrently to any of the persons referred to in paragraph (6) all electronic mail that he sends to any client or member of the public in the course of carrying on business in any regulated activity;
- (e) to ensure that the representative does not communicate by telephone with any client or member of the public in the course of carrying on business in any regulated activity, other than by telephone

conference in the presence of any of the persons referred to in paragraph (6).

(6) The persons referred to in paragraph (5)(c), (d) and (e) are —

- (a) an appointed representative of the principal;
- (b) a director of the principal approved under section 96 of the Act;
- (c) an officer of the principal whose primary function is to ensure that the carrying on of business in the regulated activity in question complies with the laws and requirements of the Authority applicable to the regulated activity in question;
- (d) an officer of the principal appointed by the principal to supervise the representative in carrying on of business in the regulated activity in question.

(7) In paragraph (5)(c), (d) and (e), “client or member of the public” excludes one who is an accredited investor, an expert investor or an institutional investor.

Provisional representative

3B.—(1) The period which the Authority may specify in the public register of representatives under section 99E(2) of the Act as the period which any named individual can be a provisional representative in respect of any type of regulated activity shall not exceed 3 months from the date his name is entered in the register as a provisional representative.

(2) For the purpose of section 99E(5) of the Act, where a provisional representative in respect of a type of regulated activity has satisfied the examination requirements specified for that type of regulated activity, his principal shall inform the Authority of that fact —

- (a) by serving on the Authority a duly completed Form 3D; and
- (b) before the expiry of the period specified against his name in the public register of representatives under section 99E(2) of the Act.

(3) For the purposes of section 99M(1)(t)(i) and (ii) of the Act, the Authority may refuse to enter the name and other particulars of an individual in the public register of representatives as a provisional representative in respect of a type of regulated activity, if —

- (a) he is not or was not previously licensed, authorised or otherwise regulated as a representative in relation to a comparable type of regulated activity in a foreign jurisdiction for a continuous period of at least 12 months; or
- (b) the period between the date of his ceasing to be so licensed, authorised or regulated in a foreign jurisdiction and the date of his proposed appointment as a provisional representative exceeds 12 months.

Temporary representative

3C.—(1) For the purpose of section 99M(1)(s)(iii) of the Act, the Authority may refuse to enter the name and other particulars of an individual in the public register of representatives as a temporary representative in respect of a type of regulated activity, if the period of his proposed appointment, together with the period of any past appointment (or part thereof) that falls within the period of 24 months before the date of expiry of his proposed appointment, exceeds 6 months.

(2) The period which the Authority may specify in the public register of representatives under section 99F(2) of the Act as the period which any named individual can be a temporary representative in respect of any type of regulated activity shall not exceed 3 months from the date his name is entered in the register as a temporary representative.

Register of interest in securities

3D. For the purposes of section 131(1)(a) of the Act, a relevant person shall maintain in Form 15 a register of his interest in securities.”.

Deletion and substitution of regulation 4

5. Regulation 4 of the principal Regulations is deleted and the following regulation substituted therefor:

“Place at which register is kept

4.—(1) Where there is a change in the place at which a person keeps the register of his interests in securities under section 132(1) of the Act, the person shall, where the person is the holder of a capital markets service licence, lodge a notice in Form 10.

(2) The holder of a capital markets services licence shall, when applying under section 90 of the Act to have its licence

varied by adding any regulated activity in respect of dealing in securities, advising on corporate finance, fund management or real estate investment trust management, give notice to the Authority in Form 10 of —

(a) the place at which it intends to keep the register of its interests in securities or, if the register is in electronic form, the place at which full access to the register may be gained; and

(b) such other particulars as are set out in the Form.

(3) A relevant person who is a holder of a capital markets services licence shall maintain records of the place at which its representatives keep their registers of their interests in securities and the places at which copies of those registers are kept in Singapore.”.

Deletion and substitution of regulations 5 and 6 and new regulation 6A

6. Regulations 5 and 6 of the principal Regulations are deleted and the following regulations substituted therefor:

“Change of particulars and additional regulated activity of representative

5.—(1) An appointed representative shall notify his principal of any change in any of his particulars, being particulars set out in Form 3A, within 7 days after the occurrence of such change.

(2) A provisional representative shall notify his principal of any change in any of his particulars, being particulars set out in Form 3B, within 7 days after the occurrence of such change.

(3) A temporary representative shall notify his principal of any change in any of his particulars, being particulars set out in Form 3C, within 7 days after the occurrence of such change.

(4) An individual who is deemed to be an appointed representative under regulation 5(1)(a) or (c) or (3) of the Securities and Futures (Representatives) (Transitional and Savings Provisions) Regulations 2010 (G.N. No. S712/2010) shall notify his principal of any change in any of his particulars, being particulars set out in Form 3A, within 7 days after the occurrence of such change.

(5) Where an individual has applied for the renewal of a representative’s licence under section 87 of the Act in force immediately before 26th November 2010 and the application is still pending on that date, he shall notify his principal of any

change in any of his particulars, being particulars set out in Form 3A, within 7 days after the occurrence of such change.

(6) An individual who is deemed to be a temporary representative under regulation 5(2) or (3) of the Securities and Futures (Representatives) (Transitional and Savings Provisions) Regulations 2010 (G.N. No. S712/2010) shall notify his principal of any change in any of his particulars, being particulars set out in Form 3C, within 7 days after the occurrence of such change.

(7) The principal of an individual referred to in paragraph (4), (5) or (6) shall, no later than 7 days after the principal is notified or becomes aware of any change in the individual's particulars which has been or ought to have been notified under that paragraph, furnish particulars of such change to the Authority in Form 16.

(8) For the purposes of section 99H(5) of the Act, the principal of an appointed, a provisional or a temporary representative shall notify the Authority of a change in the particulars of the representative in Form 16.

(9) A notice under section 99L(2) of the Act by a principal of its intention to appoint an appointed representative in respect of a type of regulated activity in addition to that indicated against the appointed representative's name in the public register of representatives shall be in Form 6.

Fees

6.—(1) Subject to this regulation, the fees specified in the Third Schedule are payable to the Authority for the purposes, in the manner and at the times specified therein.

(2) Where —

- (a) the name of a person is entered in the public register of representatives as a provisional representative;
- (b) he pays the annual fee referred to in section 99K(2) of the Act for the retention of his name in the public register of representatives as a provisional representative for a period of time; and
- (c) his name is subsequently entered in the register as an appointed representative at any time during that period or on the business day immediately following the expiry of that period,

then the person is deemed to have paid the annual fee for the continuing retention of his name in the register as an appointed

representative, in respect of the regulated activity conducted by the person while he was a provisional representative.

(3) For the purposes of sections 85(4) and 99K(6) of the Act, the late payment fee is \$100 for every day or part thereof that the payment is late subject to a maximum of \$3,000.

(4) Payment of fees may be made through such electronic funds transfer system as the Authority may designate from time to time, whereby payment is effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority.

(5) The Authority may, as it thinks fit, waive the whole or any part of the fee payable under section 84, 85, 90, 99A or 99K of the Act.

(6) Where the holder of a capital markets services licence is licensed to carry on business in more than one regulated activity, the amount of the licence fee payable to the Authority shall be the sum of the fees specified in the Third Schedule for the regulated activities that the holder is licensed to carry out.

Manner of application for capital markets services licence

6A. An application for the grant of a capital markets services licence shall be in Form 1 and shall be lodged with the Authority together with any relevant annex and information as may be specified in the Form or by the Authority from time to time.”.

Amendment of regulation 7

7. Regulation 7 of the principal Regulations is amended —

(a) by deleting paragraph (1) and substituting the following paragraph:

“(1) The Authority shall not grant a capital markets services licence to a person (other than a member of a securities exchange) to carry on business in dealing in securities unless, at the time of the application for such grant, the person has lodged with the Authority, in such manner as the Authority may determine, a deposit of \$100,000.”; and

(b) by inserting, immediately after paragraph (2), the following paragraph:

“(2A) The person referred to in paragraph (1) shall maintain the deposit of \$100,000 for the entire duration of its licence.”.

Deletion and substitution of regulation 9 and new regulation 9A

8. Regulation 9 of the principal Regulations is deleted and the following regulations substituted therefor:

“Lapsing of capital markets services licence

9. For the purposes of section 95(1)(b) of the Act, where the Authority has not revoked a capital markets services licence under section 95(2) of the Act, or suspended the capital markets services licence under section 95(3) of the Act, the licence shall lapse —

- (a) if the holder has not commenced business in at least one of the regulated activities to which the licence relates within 6 months (or such longer period as the Authority may allow) from the date of the grant of the licence, immediately upon the expiry of that period; or
- (b) if the holder —
 - (i) has ceased to carry on business in all of the regulated activities to which the licence relates;
 - (ii) has not resumed business in any of those regulated activities for a continuous period of 2 months from the date of cessation of business; and
 - (iii) has not notified the Authority of such cessation of business at any time during the period of 2 months,
 immediately upon the expiry of that period of 2 months.

Cessation of status of appointed representative

9A. For the purpose of section 99D(4)(e) of the Act, unless the Authority has revoked the status of an individual as an appointed representative under section 99M(1) of the Act, or suspended that status under section 99M(2)(a) of the Act, the individual shall cease to be an appointed representative in respect of all types of regulated activity if —

- (a) before the end of the period of 6 months (or such longer period as the Authority may allow in any particular case) from —
 - (i) the date his name was entered in the public register of representatives as an appointed representative; or

(ii) if he was an appointed representative by virtue of the Securities and Futures (Representatives) (Transitional and Savings Provisions) Regulations 2010 (G.N. No. S 712/2010), the date when he was granted a representative's licence under section 87 of the Act in force immediately before 26th November 2010,

the appointed representative has not commenced to act as a representative in at least one of the regulated activities that he was appointed to carry out as a representative; or

(b) the appointed representative —

(i) has ceased to act as a representative in respect of all of the regulated activities he was appointed to carry out as a representative; and

(ii) has not resumed acting as such a representative in respect of any of those regulated activities for a continuous period of one month from the date of cessation,

and his principal has not notified the Authority of such cessation at any time during that period of one month.”.

Deletion of regulation 10

9. Regulation 10 of the principal Regulations is deleted.

Deletion and substitution of regulation 11 and new regulations 11A and 11B

10. Regulation 11 of the principal Regulations is deleted and the following regulations substituted therefor:

“Cessation of business by holder

11.—(1) Where the holder of a capital markets services licence ceases to carry on business in every type of the regulated activities to which its licence relates, it shall, within 14 days from the date of cessation, return its licence to the Authority and lodge with the Authority a notice in Form 7.

(2) Where the holder of a capital markets services licence ceases to carry on business in any type of regulated activity to which its licence relates but has not ceased to carry on business in the remaining types of regulated activities, it shall, within 14 days from the date of cessation, return its licence to the Authority and lodge with the Authority a notice in Form 7.

(3) Where the holder of a capital markets services licence has, by the end of the period of 6 months (or such longer period as the Authority may allow in any particular case) from the date of the grant of the licence, commenced business in one or more but not all the types of regulated activity to which the licence relates, it shall immediately return its licence to the Authority and lodge with the Authority a notice in Form 7.

(4) Where the holder of a capital markets services licence has not commenced business in every type of regulated activity to which the licence relates by the end of the period of 6 months (or such longer period as the Authority may allow in any particular case) from the date of the grant of the licence, it shall immediately return its licence to the Authority and lodge with the Authority a notice in Form 7.

(5) Upon receipt of the notice and licence referred to in paragraph (1), (2), (3) or (4), the Authority shall cancel the licence and, in the case referred to in paragraphs (2) and (3), issue to the holder a new licence in respect of the remaining type or types of regulated activities.

Variation of capital markets services licence

11A.—(1) An application for the variation of a capital markets services licence under section 90 of the Act shall be in Form 5 and shall be lodged with the Authority together with any relevant annex and information as may be specified in the Form or by the Authority from time to time.

(2) Where the Authority adds to, varies or revokes any condition or restriction of a capital markets services licence or imposes further conditions or restrictions on such a licence, the Authority may require the holder to return its licence to the Authority for cancellation and issuance of a new licence, and the holder shall comply with such a requirement.

(3) Where the Authority has approved an application of the holder of a capital markets services licence under section 90(1) of the Act to add to its licence one or more types of regulated activity, the holder shall immediately return its licence to the Authority for cancellation and issuance of a new licence.

Lodgment of particulars of cessation

11B.—(1) For the purposes of sections 99D(8), 99E(4) read with 99D(8) of the Act and section 99F(4) read with 99D(8) of the Act, particulars that an individual has ceased to be a representative of a principal, or has ceased to carry on business

in any type of regulated activity which he is appointed to carry on business in, shall be furnished to the Authority in Form 8.

(2) Where an appointed representative has ceased to be a representative under regulation 9A(a), his principal shall immediately lodge with the Authority a notice of such cessation in Form 8.”.

Amendment of regulation 12

11. Regulation 12 of the principal Regulations is amended —

- (a) by inserting, immediately after the words “as its chief executive officer or director” in paragraph (1), the words “, or to change the nature of the appointment of a person as a director from one that is non-executive to one that is executive,”;
- (b) by inserting, immediately after the words “the appointee” wherever they appear in paragraph (2)(a) to (j), the words “or director”; and
- (c) by inserting, immediately after sub-paragraph (a) of paragraph (2), the following sub-paragraph:
 - “(aa) whether the appointee or director has had a prohibition order under section 101A of the Act made by the Authority against him that still remains in force;”; and
- (d) by deleting the words “chief executive officer or director” in paragraph (2)(f), (g), (i) and (j) and substituting in each case the words “chief executive officer, director or executive director”.

Amendment of regulation 13

12. Regulation 13 of the principal Regulations is amended by inserting, immediately after paragraph (a), the following paragraph:

- “(aa) put in place compliance function and arrangements that are commensurate with the nature, scale and complexity of the business of the holder, including specifying the roles and responsibilities of officers and employees of the holder in helping to ensure its compliance with all applicable laws, codes of conduct and standards of good practice in order to protect investors and reduce its risk of incurring legal or regulatory sanctions, financial loss, or reputational damage;”.

Deletion and substitution of regulation 14 and new regulation 14A

13. Regulation 14 of the principal Regulations is deleted and the following regulations substituted therefor:

“Exemptions

14.—(1) Each person specified in the Second Schedule is exempted from section 82(1) or section 99B(1) (as the case may be) of the Act, in the circumstances specified in that Schedule.

(2) Where a person acts as a representative of any person specified in paragraphs 1 to 7 of the Third Schedule to the Act (referred to in this paragraph as the principal), he shall be exempted from section 99B(1) of the Act, in so far as —

- (a) the type and scope of the regulated activity carried out by the person acting as a representative are within or the same as the type and scope of the regulated activity carried out by the principal in his capacity as specified in the relevant paragraph of the Third Schedule to the Act; and
- (b) the manner in which the person acting as a representative carries out the regulated activity is the same as the manner in which the principal carries out the regulated activity in his capacity as specified in the relevant paragraph of the Third Schedule to the Act.

(3) Where a person acts as a representative of a foreign company specified in paragraph 9 of the Third Schedule to the Act, the person acting as a representative shall be exempted from section 99B(1) of the Act, in so far as he complies with every condition or restriction imposed on the foreign company pursuant to an approval granted for the arrangement between the foreign company and its related corporation under that paragraph, where such condition or restriction is applicable to him.

(4) A person who is exempted from holding a capital markets services licence under section 99(1)(a), (b), (c) or (d) of the Act shall lodge with the Authority —

- (a) where the person commences business in any regulated activity or any additional regulated activity, a notice of such commencement in Form 26 not later than 14 days prior to the commencement or such later

date as the Authority may allow in any particular case;

- (b) where the person ceases business in any or all of the regulated activities for which notice has been given in —
 - (i) Form 26 under sub-paragraph (a);
 - (ii) Form 26 under regulation 14(4)(a) in force immediately before 26th November 2010; or
 - (iii) Form 27 under regulation 14(4)(b) in force immediately before 26th November 2010,
 a notice of cessation in Form 29, not later than 14 days after the cessation or such later date as the Authority may allow;
- (c) where there is any change in any particulars required to be notified in —
 - (i) Form 26 under sub-paragraph (a);
 - (ii) Form 26 under regulation 14(4)(a) in force immediately before 26th November 2010; or
 - (iii) Form 27 under regulation 14(4)(b) in force immediately before 26th November 2010,
 a notice of such change in Form 27, not later than 14 days after the date of change or such later date as the Authority may allow in any particular case; and
- (d) a declaration by the person in Form 28 within 14 days or such longer period as the Authority may allow after the end of the financial year of the person.

Holders of capital markets services licences and representatives, etc., to be fit and proper persons

14A.—(1) The holder of a capital markets services licence shall ensure that —

- (a) it is a fit and proper person to carry on business in the regulated activity for which it is licensed;
 - (b) its representatives are fit and proper persons to carry out that regulated activity as its representatives;
 - (c) its chief executive officer, directors or equivalent persons are fit and proper persons for office; and
 - (d) its substantial shareholders or equivalent persons are fit and proper persons in their capacity as such.
- (2) For the purposes of section 99(4) of the Act —

- (a) a person who is exempted from holding a capital markets services licence under section 99(1)(a), (b), (c), (d), (f) or (g) of the Act shall ensure that —
- (i) he is a fit and proper person to carry on business in the regulated activity for which he is exempted; and
 - (ii) his representatives are fit and proper persons to carry out that regulated activity as his representatives; and
- (b) a person who is exempted from holding a capital markets services licence under paragraph 4(1)(c), 5(1)(d) or 7(1)(b) of the Second Schedule shall ensure that —
- (i) he is a fit and proper person to carry on business in the regulated activity for which he is exempted;
 - (ii) his representatives are fit and proper persons to carry out that regulated activity as his representatives; and
 - (iii) where the person is an entity —
 - (A) its directors or equivalent persons are fit and proper persons for office;
 - (B) its substantial shareholders or equivalent persons are fit and proper persons to be in such capacity; and
 - (C) persons (other than a person referred to in sub-paragraph (A) or (B)) alone or acting together with any connected person, who —
 - (CA) control, directly or indirectly, not less than 20% of the voting power or such equivalent decision-making power in the entity; or
 - (CB) acquire or hold, directly or indirectly, not less than 20% of the issued shares or such equivalent share of ownership of the entity,
 are fit and proper persons to control such power or hold such shares or share of ownership.”.

Amendment of regulation 16

14. Regulation 16(1) of the principal Regulations is amended by deleting the words “its own funds” in sub-paragraph (c) and substituting the words “other funds”.

Amendment of regulation 22

15. The principal Regulations are amended by renumbering regulation 22 as paragraph (1) of that regulation, and by inserting immediately thereafter the following paragraph:

“(2) The holder of a capital markets services licence shall take all reasonable steps to ensure that the interest and returns accrued to the customer under paragraph (1) are paid to or held for the benefit of the customer, as the case may be.”.

Amendment of regulation 26

16. Regulation 26(1) of the principal Regulations is amended by deleting the words “asset belonging to the holder” in sub-paragraph (b) and substituting the words “other assets”.

Amendment of regulation 32

17. Regulation 32 of the principal Regulations is amended —

- (a) by deleting the word “Before” in paragraph (1) and substituting the words “Subject to paragraph (3), before”;
- and
- (b) by inserting, immediately after paragraph (2), the following paragraph:

“(3) Paragraph (1) shall not apply to the holder of a capital markets services licence who is licensed to provide custodial services in relation to its provision of such services for its customer’s assets.”.

Amendment of regulation 38

18. Regulation 38(2) of the principal Regulations is amended by deleting the words “section 49(1)” in the definition of “market contract” and substituting the words “section 48(1)”.

Amendment of regulation 39

19. Regulation 39(2) of the principal Regulations is amended —

- (a) by deleting the words “section 128(1)(b) of the Act” in sub-paragraph (c) and substituting the words “regulation 47E(1)(b)”;
- and

- (b) by deleting the words “section 128(2) of the Act” in subparagraph (d) and substituting the words “regulation 47E(2)”.

Amendment of regulation 42

20. Regulation 42 of the principal Regulations is amended —

- (a) by deleting paragraph (1) and substituting the following paragraphs:

“(1) Subject to paragraph (1A), the holder of a capital markets services licence to deal in securities, trade in futures contracts or carry out leveraged foreign exchange trading shall, in respect of a sale or purchase of securities or futures contracts or a transaction connected with leveraged foreign exchange trading, after entering into the transaction —

- (a) give to the other party to the transaction a contract note which contains such information as may be prescribed; or
- (b) procure that such a contract note be given in its name.

(1A) Paragraph (1) shall not apply to any transaction of sale or purchase of securities or futures contracts effected by the holder of a capital markets services licence through a member of —

- (a) a securities exchange or overseas securities exchange; or
- (b) a futures exchange or overseas futures exchange,

if the holder gives, or arranges with that member to give, to the other party to the transaction a contract note or a copy thereof issued by that member in respect of the transaction in accordance with the rules of that exchange or with any written law governing the issuance of contract notes by members of that exchange.

(1B) The holder shall include, in every contract note to be given under paragraph (1), where applicable —

- (a) the name or style under which the holder carries on business in dealing in securities, trading in futures contracts or leveraged foreign exchange trading, and the address of the principal place at which the holder carries on the business;

- (b) where the holder is —
 - (i) dealing in securities or carrying out leveraged foreign exchange trading as a principal; or
 - (ii) trading in futures contracts against its customer,
 a statement that it is so acting;
 - (c) the name and address of the party to whom the contract note is given;
 - (d) the date on which the transaction is entered into;
 - (e) in respect of a sale or purchase of securities, the number or amount, and description of the securities that are the subject of the transaction;
 - (f) in respect of a sale or purchase of futures contract or a transaction connected with leveraged foreign exchange trading, the quantity and type of the futures contract or the amount of foreign exchange that is the subject of the transaction, as the case may be;
 - (g) in respect of a sale or purchase of securities or futures contract or a transaction connected with leveraged foreign exchange trading, the price per unit of the transaction, the amount of the consideration for the transaction, the rate and amount of commission (if any) charged for the transaction by the holder and the amount of all stamp duties or other duties or taxes payable in connection with the transaction; and
 - (h) in respect of a sale or purchase of securities, if an amount is to be added to or deducted from the settlement amount in respect of the right to a benefit purchased or sold together with the securities, the first-mentioned amount and the nature of the benefit.”;
- (b) by deleting the words “paragraph (1)” wherever they appear in paragraph (2A) and substituting in each case the words “paragraph (1B)”;
 - (c) by inserting, immediately after paragraph (2A), the following paragraph:

“(3) Any person who, without reasonable excuse, contravenes any of the provisions of this regulation 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.”.

Deletion and substitution of regulation 44

21. Regulation 44 of the principal Regulations is deleted and the following regulation substituted therefor:

“Priority of customers’ orders

44.—(1) Except as permitted by paragraph (2) —

- (a) the holder of a capital markets services licence to deal in securities or trade in futures contracts when acting as principal or on behalf of a person associated with or connected to the holder; or
- (b) a representative of such a holder when acting for his own account or on behalf of a person associated with or connected to the representative,

shall not enter into a transaction for the purchase or sale of securities or futures contracts that are permitted to be traded on the securities market of a securities exchange, the futures market of a futures exchange or the securities market or the futures market of a recognised market operator, as the case may be, if a customer of that holder or representative, who is not associated with or connected to the holder or representative, has instructed the holder or representative to purchase or sell, respectively, securities or futures contracts of the same class and the holder or representative has not complied with the instruction.

(2) Paragraph (1) shall not apply to the holder of a capital markets services licence or a representative of such a holder —

- (a) if his customer required the purchase or sale of securities or futures contracts on behalf of the customer to be effected only on specified conditions and he has been unable to purchase or sell the securities or futures contracts by reason of those conditions; or
- (b) if the transaction is entered into in accordance to the business rules or practices of the securities exchange

or futures exchange, as the case may be, through which the transaction is entered into.

(3) Any person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.”.

Amendment of regulation 46

22. Regulation 46 of the principal Regulations is amended by deleting the words “or a representative’s licence” and substituting the words “, an appointed representative, a provisional representative or a temporary representative”.

New regulation 46A

23. The principal Regulations are amended by inserting, immediately after regulation 46, the following regulation:

“Certain representations prohibited

46A.—(1) Subject to paragraph (2), the holder of a capital markets services licence shall not represent or imply or knowingly permit to be represented or implied in any manner to any person that the holder’s abilities or qualifications have in any respect been approved by the Authority.

(2) Paragraph (1) does not apply to a statement that a person is holding a capital markets services licence to carry on business in any regulated activity.

(3) Any person who contravenes paragraph (1) 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.”.

New regulations 47A to 47E

24. The principal Regulations are amended by inserting, immediately after regulation 47, the following regulations:

“Disclosure of certain interests in respect of underwriting agreement

47A.—(1) Where —

(a) securities have been offered for subscription or purchase; and

(b) the holder of a capital markets services licence has subscribed for or purchased, or is or will or may be

required to subscribe for or purchase, any of those securities under an underwriting or sub-underwriting agreement by reason that some or all of the securities have not been subscribed for or purchased,

the holder shall not, during the period of 90 days after the close of the offer referred to in sub-paragraph (a) —

- (i) make an offer to sell those securities otherwise than in the ordinary course of trading on a securities exchange or recognised market operator; or
- (ii) make a recommendation, whether orally or in writing and whether expressly or by implication, with respect to those securities,

unless the offer or recommendation contains or is accompanied by a statement to the effect that the offer or recommendation relates to securities that the holder has acquired, or is or will or may be required to acquire, under an underwriting or sub-underwriting agreement by reason that some or all of the securities have not been subscribed for or purchased.

(2) For the purpose of paragraph (1), any reference to an offer shall be construed as including a reference to a statement, however expressed, that expressly or impliedly invites a person to whom it is made to offer to acquire securities.

(3) Paragraph (1) shall not apply to the holder of a capital markets services licence when —

- (a) making an offer to sell any securities, or making a recommendation with respect to those securities, to —
 - (i) an accredited investor;
 - (ii) an expert investor; or
 - (iii) an institutional investor; or
- (b) making an offer to sell any Government securities, or making a recommendation with respect to those Government securities, to any person.

(4) Where the holder of a capital markets services licence sends to any person a written offer, written recommendation or written statement to which paragraph (1) applies, the holder shall retain a copy of the written offer, recommendation or statement for a period of 5 years after the date the written offer, recommendation or statement is made.

(5) Any person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

Dealing in securities as principal

47B.—(1) Subject to paragraph (3), the holder of a capital markets services licence to deal in securities shall not, as principal, enter into any transaction of sale or purchase of any securities with any customer who is not the holder of a capital markets services licence to deal in securities unless the holder first informs the customer that the holder is acting in the transaction as principal and not as agent.

(2) The holder of a capital markets services licence to deal in securities which enters into a transaction of sale or purchase of securities, as principal, with a customer who is not the holder of a capital markets services licence to deal in securities shall state in the contract note that the holder is acting in the transaction as principal and not as agent.

(3) Paragraph (1) shall not apply to a transaction of sale or purchase of an odd lot of securities that is entered into by the holder of a capital markets services licence to deal in securities which is a member of a securities exchange or recognised market operator and specialises in transactions relating to odd lots of securities.

(4) Paragraphs (1) and (2) shall not apply to a market-maker when dealing in securities in such capacity.

(5) Where the holder of a capital markets services licence to deal in securities fails to comply with paragraph (1) or (2) in respect of a contract for the sale of securities by the holder, the purchaser of the securities may, if he has not disposed of them, rescind the contract by a notice of rescission given in writing to the holder not later than 30 days after the receipt of the contract note.

(6) Where the holder of a capital markets services licence to deal in securities fails to comply with paragraph (1) or (2) in respect of a contract for the purchase of securities by the holder, the vendor of the securities may, in like manner, rescind the contract.

(7) Nothing in paragraph (5) or (6) shall affect any right that a person has apart from those paragraphs.

(8) Any person who contravenes any of the provisions of this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

(9) For the purposes of this regulation —

- (a) a reference to the holder of a capital markets services licence to deal in securities entering into a transaction of sale or purchase of securities as principal includes a reference to the holder entering into such a transaction on behalf of —
 - (i) a person associated with or connected to the holder;
 - (ii) a corporation in which the holder has a controlling interest; or
 - (iii) a corporation in which the holder's interest and the interests of the directors of the holder together constitute a controlling interest;
- (b) a reference to securities is a reference to securities which are permitted to be traded on the securities market of —
 - (i) a securities exchange;
 - (ii) an overseas securities exchange; or
 - (iii) a recognised market operator; and
- (c) a reference to a market-maker is a reference to —
 - (i) the holder of a capital markets services licence which —
 - (A) deals in securities for its own account;
 - (B) regularly publishes bona fide competitive bids and offers quotations in respect of those securities;
 - (C) is ready, willing and able to enter into transactions at such quoted prices with other persons in respect of those securities; and
 - (D) is recognised as a market-maker by a securities exchange, overseas securities exchange or the Authority; or
 - (ii) a designated market-maker referred to in paragraph 2(i) of the Second Schedule.

Trading against customer

47C.—(1) The holder of a capital markets services licence to trade in futures contracts shall not knowingly enter into a transaction to buy from or sell to its customer any futures contract for —

- (a) the holder's own account;

- (b) an account of a person associated with or connected to it; or
- (c) an account in which the holder has an interest,

except with the customer's prior consent and in accordance with the business rules and practices of a futures exchange or recognised market operator.

(2) Any person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

Cross-trading

47D.—(1) The holder of a capital markets services licence to trade in futures contracts shall not knowingly fill or execute a customer's order for the purchase or sale of a futures contract on a futures market by off-setting against the order or orders of any other person, without effecting such a purchase or sale either —

- (a) on the trading floor or electronic futures trading system; or
- (b) in accordance with the business rules and practices of a futures exchange or recognised market operator.

(2) Any person who contravenes paragraph(1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

Risk disclosure by certain persons

47E.—(1) The holder of a capital markets services licence to trade in futures contracts or carry out leveraged foreign exchange trading shall not open a futures trading account or leveraged foreign exchange trading account for a customer unless it —

- (a) furnishes the customer with a separate written risk disclosure document in Form 13; and
- (b) receives from the customer an acknowledgment signed and dated by the customer that he has received and understood the nature and contents of the risk disclosure document in Form 13.

(2) The holder of a capital markets services licence for fund management shall not solicit or enter into an agreement with a prospective customer for the purpose of —

- (a) managing the customer's futures trading account or foreign exchange trading account; or
- (b) guiding the customer's futures trading account or foreign exchange trading account,

by means of a systematic programme that recommends specific transactions unless, at or before the time the holder engages in the solicitation or enters into the agreement (whichever is the earlier), the holder —

- (i) delivers or causes to be delivered to the prospective customer a risk disclosure document in Form 14; and
- (ii) receives from the prospective customer an acknowledgment signed and dated by him that he has received and understood the nature and contents of the risk disclosure document in Form 14.

(3) Paragraph (2) shall not apply to collective investment schemes that are approved under Division 2 of Part XIII of the Act.

(4) The holder of a capital markets services licence shall ensure that copies of Forms 13 and 14 delivered to its prospective customer are kept in Singapore.

(5) Any person who contravenes any of the provisions of this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.”.

Deletion of regulations 49, 50, 50A and 53

25. Regulations 49, 50, 50A and 53 of the principal Regulations are deleted.

Amendment of regulation 51

26. Regulation 51 of the principal Regulations is amended by deleting the words “section 26” and substituting the words “section 16A”.

Amendment of regulation 54

27. Regulation 54 of the principal Regulations is amended —

- (a) by deleting paragraph (1) and substituting the following paragraph:

“(1) Sections 104, 104A and 105 of the Act, Part III of these Regulations and regulations 39(3), (4) and (5), 42, 44, 45, 46, 47 and 47B to 47E shall, with the necessary modifications, apply to each of the following exempt

persons in respect of its business in any regulated activity as those provisions apply to the holder of a capital markets services licence and, where applicable, shall, with the necessary modifications, apply to a representative of any of these exempt persons when acting as such as those provisions apply to the representative of the holder of a capital markets services licence:

- (a) a bank licensed under the Banking Act (Cap. 19);
- (b) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186); and
- (c) a finance company licensed under the Finance Companies Act (Cap. 108).”; and

(b) by deleting paragraph (2).

Deletion and substitution of regulation 55

28. Regulation 55 of the principal Regulations is deleted and the following regulation substituted therefor:

“Offences

55. Any person who contravenes regulation 3D, 4(1), (2) or (3), 5(1), (2), (3), (4), (5), (6) or (7), 7(2A), 11(2), (3) or (4), 11A(2) or (3), 14(4), 16(1) or (2), 17(1), 18, 20(2), 21, 22(2), 26(1) or (2), 27(1), 28, 29, 31, 32, 33(2), (4) or (5), 34, 35, 37, 38(1), 39(1), (2) or (3), 40(1), (2) or (3), 41, 43(1) or (2), 45(1), (2), (3), (4) or (5), 46, 47 or 48(1), paragraph 4(6), 5(7) or 7(6) of the Second Schedule, or a direction issued by the Authority under regulation 51, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000.”.

Amendment of Second Schedule

29. The Second Schedule to the principal Regulations is amended —

- (a) by deleting the Schedule heading and substituting the following Schedule heading:

“EXEMPTIONS FROM SECTIONS 82(1) AND
99B(1) OF ACT”;

- (b) by inserting, immediately after the words “for his own account” in paragraph 2(a), the words “, or an account

belonging to and maintained wholly for the benefit of a related corporation,”;

- (c) by deleting the words “for the account of a related corporation or connected person” in paragraph 3(a) and substituting the words “an account belonging to and maintained wholly for the benefit of a related corporation or connected person”;
- (d) by deleting the words “for the account of a related corporation or connected person” in paragraph 4(1)(a)(ii) and substituting the words “an account belonging to and maintained wholly for the benefit of a related corporation or connected person”; and
- (e) by deleting paragraph 8 and substituting the following paragraph:

“Exemption from section 99B(1) of Act

8.—(1) Subject to sub-paragraph (7), an employee of the holder of a capital markets services licence for dealing in securities shall be exempted from section 99B(1) of the Act when carrying out any of the following for the account of the licence holder or for an account belonging to and maintained wholly for the benefit of a corporation related to the licence holder:

- (a) dealing in securities on a securities exchange or recognised market operator; or
- (b) dealing in securities with —
 - (i) an institutional investor; or
 - (ii) an entity licensed, approved, registered or otherwise regulated by a regulator who is responsible for the supervision of financial institutions in a jurisdiction other than Singapore.

(2) Subject to sub-paragraph (7), an employee of the holder of a capital markets services licence for trading in futures contract shall be exempted from section 99B(1) of the Act when carrying out regulated activities for the account of the licence holder or for an account belonging to and maintained wholly for the benefit of a corporation related to the licence holder.

(3) Subject to sub-paragraph (7), an employee of the holder of a capital markets services licence for leveraged foreign exchange trading shall be exempted from section 99B(1) of the Act when carrying out any of the following for the account of the licence holder or for an account belonging to and maintained wholly for the benefit of a corporation related to the licence holder:

- (a) leveraged foreign exchange trading with an institutional investor; or
- (b) leveraged foreign exchange trading with an entity licensed, approved, registered or otherwise regulated by

a regulator who is responsible for the supervision of financial institutions in a jurisdiction other than Singapore.

(4) Subject to sub-paragraph (7), an employee of a person exempted under section 99(1)(a), (b) or (c) of the Act in respect of the activity of dealing in securities shall be exempted from section 99B(1) of the Act when carrying out any of the following for the account of the exempt person or for an account belonging to and maintained wholly for the benefit of a corporation related to the exempt person:

- (a) dealing in securities on a securities exchange or recognised market operator; or
- (b) dealing in securities with —
 - (i) an institutional investor; or
 - (ii) an entity licensed, approved, registered or otherwise regulated by a regulator who is responsible for the supervision of financial institutions in a jurisdiction other than Singapore.

(5) Subject to sub-paragraph (7), an employee of a person exempted under section 99(1)(a), (b) or (c) of the Act in respect of the activity of trading in futures contract shall be exempted from section 99B(1) of the Act when carrying out that activity for the account of the exempt person or for an account belonging to and maintained wholly for the benefit of a corporation related to the exempt person.

(6) Subject to sub-paragraph (7), an employee of a person exempted under section 99(1)(a), (b) or (c) of the Act in respect of the activity of leveraged foreign exchange trading shall be exempted from section 99B(1) of the Act when carrying out any of the following for the account of the exempt person or for an account belonging to and maintained wholly for the benefit of a corporation related to the exempt person:

- (a) leveraged foreign exchange trading with an institutional investor; or
- (b) leveraged foreign exchange trading with an entity licensed, approved, registered or otherwise regulated by a regulator who is responsible for the supervision of financial institutions in a jurisdiction other than Singapore.

(7) Sub-paragraphs (1) to (6) —

- (a) shall not apply to any activity of dealing in securities, trading in futures contract or leveraged foreign exchange trading which involves customer account; and
- (b) shall only apply if the employee, when dealing in securities, trading in futures contract or leveraged foreign exchange trading —
 - (i) does not have access to customers' trade and order information; and

No.	<i>First column Provision of Act</i>	<i>Second column Matter</i>	<i>Third column Amount</i>	<i>Fourth column Manner and Time of Payment</i>
		finance;		
		(d) trading in futures contracts;	\$2,000	
		(e) leveraged foreign exchange trading;	\$2,000	
		(f) securities financing;	\$2,000	
		(g) providing custodial services for securities;	\$2,000	
		(h) real estate investment trust management	\$4,000	
3.	Section 90(2)	Application to add type(s) of regulated activity to capital markets services licence	\$500	Payable by GIRO by the 16th day of the month following that in which application is made
4.	Section 99K(1)	Lodgment of documents under section 99H of the Act for appointment of appointed, provisional or temporary representative	\$100	<p>(a) Where principal is an applicant for capital markets services licence, by cheque at time of lodgment.</p> <p>(b) Where principal is a holder of capital markets services licence, and —</p> <p>(i) it has no GIRO arrangement with the Authority, by cheque by the date specified in the fee advice; or</p> <p>(ii) it has GIRO arrangement with the</p>

No.	First column Provision of Act	Second column Matter	Third column Amount	Fourth column Manner and Time of Payment
5.	Section 99K(2)	<p>Annual fee for retention of name of appointed or provisional representative in the public register of representatives in the year in which the name is first entered in the register #, where the regulated activity is —</p> <p>(a) dealing in securities;</p> <p>(b) fund management;</p> <p>(c) advising on corporate finance;</p> <p>(d) trading in futures contracts;</p> <p>(e) leveraged foreign exchange trading; or</p> <p>(f) real estate investment trust management,</p>	<p>Amount derived from the formula:</p> $\frac{A}{365} \times Y$ <p>Where:</p> <p>“A” is the number of days between the date the name of appointed or provisional representative is first entered in the register and 31st December of same year, both dates inclusive; and</p> <p>“Y” is —</p> <p>(a) \$700 where the regulated activity or one of the regulated activities is dealing in securities on behalf of a principal who is a member of the Singapore Exchange Securities Trading Limited; or</p> <p>(b) \$200 where the regulated activity is one of, or the regulated activities are 2 or more of, the following:</p>	<p>Authority, by GIRO by the 16th day of the month following that in which lodgment is made.</p> <p>(a) Where principal has no GIRO arrangement with the Authority, by cheque by the date specified in the fee advice.</p> <p>(b) Where principal has GIRO arrangement with the Authority, by GIRO by the 16th day of the month following that in which name is entered in the register.</p>

No.	<i>First column</i> <i>Provision of Act</i>	<i>Second column</i> <i>Matter</i>	<i>Third column</i> <i>Amount</i>	<i>Fourth column</i> <i>Manner and Time of Payment</i>
			<ul style="list-style-type: none"> (i) dealing in securities on behalf of a principal who is any other person; (ii) fund management; (iii) advising on corporate finance; (iv) trading in futures contracts; (v) leveraged foreign exchange trading; or (vi) real estate investment trust management 	
6.	Section 99K(2)	<p>Annual fee for retention of name of appointed or provisional representative in the public register of representatives in any other year, where the regulated activity is —</p> <p>(a) dealing in securities —</p> <ul style="list-style-type: none"> (i) where the principal is a member of the Singapore Exchange Securities Trading Limited; or (ii) where the principal 	<p>\$700</p> <p>\$200</p>	<ul style="list-style-type: none"> (a) Where principal has no GIRO arrangement with the Authority, by cheque by the date specified in the fee advice. (b) Where principal has GIRO arrangement with the Authority, by GIRO by 19th December of the preceding year or, if the name of the representative is entered in the public register of representatives in that preceding year during the

No.	First column Provision of Act	Second column Matter	Third column Amount	Fourth column Manner and Time of Payment
		is any other person;		period between 20th and 31st December (both dates inclusive), by 16th January of that other year.
		(b) fund management;	\$200	
		(c) advising on corporate finance;	\$200	
		(d) trading in futures contracts;	\$200	
		(e) leveraged foreign exchange trading; or	\$200	
		(f) real estate investment trust management,	\$200	
		or where there is more than one regulated activity	the higher or highest of the relevant amounts set out above for those regulated activities	
7.	Section 99K(3)	Fee payable by a temporary representative for retention of name of temporary representative in the public register of representatives, where the regulated activity is #—		(a) Where principal has no GIRO arrangement with the Authority, by cheque by the date specified in the fee advice.
		(a) dealing in securities—		(b) Where principal has GIRO arrangement with the Authority, by GIRO by the 16th day of the month following that in which name is entered in the register.
		(i) where the principal is a member of the Singapore Exchange Securities Trading Limited; or	\$700	
		(ii) where the	\$200	

No.	First column Provision of Act	Second column Matter	Third column Amount	Fourth column Manner and Time of Payment
		principal is any other person;		
		(b) fund management;	\$200	
		(c) advising on corporate finance;	\$200	
		(d) trading in futures contracts;	\$200	
		(e) leveraged foreign exchange trading; or	\$200	
		(f) real estate investment trust management,	\$200	
		or where there is more than one regulated activity	the higher or highest of the relevant amounts set out above for those regulated activities	
8.	Section 99K(4)	Resubmission of a form for lodgment of documents under section 99H(1) of the Act for the appointment of appointed, provisional or temporary representative	\$100	(a) Where principal has no GIRO arrangement with the Authority, by cheque by the date specified in the fee advice. (b) Where principal has GIRO arrangement with the Authority, by GIRO by the 16th day of the month following that in which resubmission is made.

#For the avoidance of doubt, this fee is still required to be paid if the date on which the name is entered in the register is 31st December.

[G.N. Nos. S 373/2005; S 404/2005; S 275/2008; S 374/2008]

Made this 25th day of November 2010.

HENG SWEE KEAT
Managing Director,
Monetary Authority of Singapore.

[CMI 09/2008: AG/LLRD/SL/289/2005/18 Vol. 2]