



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
(Updated in May 2012)

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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FREQUENTLY ASKED QUESTIONS

(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, he 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. *Is a temporary representative as defined under section 99F of the SFA required to comply with the minimum entry requirement spelled out in this Notice?***

No. A temporary representative is 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. *Can persons who do not satisfy the minimum 4 GCE “O” level requirement conduct a regulated activity under the SFA?***

They must have at least 4 GCE “O” level credit passes or its equivalent. Alternatively, if they have sat for the GCE “O” Level Examination before or in the year 1980, they 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. *If a person does not have 4 GCE “O” level credit passes but has been working as a trading clerk with a broking company, can he subsequently act as a remisier or dealer of the company?*

No, unless the person has – (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. *Some companies require their representatives to pass relevant CMFAS exams even though these representatives already have certain educational qualifications (e.g. a degree in finance) and/or relevant work experience. Are such representatives obliged to meet the requirements imposed by their principal?*

MAS places the onus on principals to satisfy themselves and certify to MAS that their representatives are fit and proper. The principal has to ensure that the proposed representatives are fit and proper (including examination requirement) before appointing them as representatives under the SFA and FAA. The fit and proper criteria (i.e. integrity, competence and financial soundness) set out in MAS Guidelines on Fit and Proper Criteria (FSG-G01) are the minimum standards that representatives are expected to meet. Principals are encouraged to set standards that are higher than the minimum standards required by MAS, so as to adequately reflect the integrity, professionalism and conduct they expect of their representatives. Where a principal takes the view that the current educational background and/or work experience of existing or prospective representatives are insufficient, it may require that these be supplemented by additional educational qualifications, such as to pass certain CMFAS exams beyond what is strictly required by MAS. Existing and potential representatives should check directly with the compliance officer of their principal on the specific fit and proper requirements expected of them.

2. ***Are persons who wish to carry out only leveraged foreign exchange trading subject to the CMFAS Exam requirements?***

Yes, they have to pass Module 1A, 1B, 2A or 2B, and Module 6A (unless otherwise exempted).

3. ***For appointed representatives carrying out securities dealing and wish to expand their activity to include the trading of equity index futures contracts, which modules should they take?***

They must pass Module 2A or 2B, and Module 6A (unless otherwise exempted) to conduct the additional activities. Module 7 has been replaced by Module 6A with effect from 1 January 2012.

4. ***Are persons employed by a bank to deal solely in Singapore Government securities subject to the CMFAS Exam requirements?***

No.

5. ***Are persons who intend to deal in bonds with accredited investors subject to the CMFAS Exam requirements?***

No. The CMFAS Exam does not apply to them as long as they confine their regulated activity to bond dealing with accredited investors.

6. ***Are persons subject to the CMFAS Exam requirements if they are employed by a CMS licensee as proprietary trader with respect to trading in futures contracts?***

No.

7. ***Do the CMFAS Exam requirements apply to persons 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 such persons. However, if they subsequently wish to join a CMS licensee or an exempt financial institution [“exempt FI”] to conduct any regulated activity, they will have to comply

with the examination requirements.

- 8. *For a person who was previously working in a specialised unit serving high net worth individuals exempted under section 100(2) of the Financial Advisers Act [“FAA”], is he required to pass Modules 3, 6 and 6A if he subsequently joins a fund management company that is not exempted under section 100(2) of the FAA?***

Yes, they will have to pass Module 3 and Module 6 or 6A (unless otherwise exempted).

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

Module 4A applies to persons who wish to conduct corporate finance advisory while Module 4B applies to those who confine their corporate finance advisory to debt securities. Persons who have passed Module 4A will not have to pass Module 4B. However, persons who have passed Module 4B and confine their activity to debt securities, will have to pass Module 4A if they subsequently wish to expand their activity to offer other corporate finance advisory services such as merger and acquisitions and corporate finance advice relating to equity.

- 10. *For persons who 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 they take?***

They will have to pass Module 4A to conduct corporate finance advisory. If they also intend to conduct placement and underwriting activities in relation to the corporate finance activities of their principal company, they will have to pass Modules 1B and 6. With effect from 1 January 2012, they also have to pass Module 6A if they are carrying out placement and underwriting of securities which are Specified Investment Products.

- 11. *Would a person who has passed the relevant CMFAS Exams more than 3 years ago, but did not commence any regulated activities, be required to re-take the CMFAS Exams if he wishes to carry out the relevant regulated activity now?***

Such persons are required to re-take and pass the relevant rules and regulations module(s) before commencing the activity. They are not required to re-take the module(s) on product knowledge. However, with effect from 1 January 2012, they have to pass Module 6A if they wish to carry out dealing in securities (which are Specified Investment Products), trading in futures contracts or leveraged foreign exchange.

- 12. *For persons who were employed with a CMS licensee/Exempt FI to carry out regulated activity under the SFA on 1 October 2002, but who left the company subsequently without completing a non-examinable course by the stipulated deadline of 30 November 2003, can they take a non-examinable course now if they wish to re-commence the same regulated activity.***

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

- 13. *For persons employed with a CMS licensee/Exempt FI to carry out regulated activity under the SFA on 1 October 2002, and who completed the relevant non-examinable course, but subsequently ceased carrying out the relevant regulated activity, are they required to re-take the relevant rules and regulations module(s) if they wish to join a CMS licensee/Exempt FI to conduct the same activity in the future?***

As the completion of the non-examinable course is valid for 3 years following the cessation of the regulated activity, they will be required to re-take the relevant rules and regulations module(s) if they intend to re-commence the relevant regulated activity with a CMS licensee or an exempt FI more than 3 years after the date of their cessation.

- 14. *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 regulated activities, and must pass the relevant CMFAS Exam before they can

commence the new regulated activities.

- 15. *For persons 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, are they required to take Module 4A if they wish to re-commence the same activity again?***

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

- 16. *If a company holds a CMS licence for fund management, would its employees who conduct activities such as client servicing, research, central dealing, business development and marketing be required to be appointed representatives and be required to pass the CMFAS Exam?***

Generally, any employee who carries out activities that are necessary for, directly connected with or form an integral part of fund management, including the activities of portfolio management, research, client servicing and business development, will be required to be an appointed representative to conduct fund management. The employee will be required to pass the applicable Modules relevant to fund management (Module 3 and Module 6 or 6A), unless otherwise exempted.

If the company is also licensed for dealing in securities and/or trading in futures contracts for its central dealing activities, an employee who conducts central dealing 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.

An employee who also provides financial advisory services under the FAA such as marketing of collective investment schemes would be subject to the relevant examination requirements under the FAA.

- 17. For persons who do not have 4 GCE “O” level credit passes but have 3 years of relevant and continuous working experience in the regulated activities that they wish to conduct, would their 3 years of working experience qualify them for exemption from having to pass Module 6?**

No. The exemption for persons who have 3 years of relevant working experience does not apply if such persons do not satisfy the minimum academic qualification i.e. 4 GCE “O” level credit passes.

- 18. Would a person who has taken some business and finance units as part of his degree or higher qualification programme be granted exemption from having to pass Module 6? More specifically, will his degree or higher qualification 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 or Annex 1A of the Notice?**

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

- 19. For persons who have passed Module 3, have been exempted from Modules 6 and 6A, and wish to join a start-up boutique fund manager to conduct fund management activities, do they have to take any other CMFAS exam?**

No.

- 20. For persons who wish to be an appointed representative and have queries on how to seek exemptions from certain modules of the CMFAS Exam, whom should the person approach?**

They 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, they should discuss with the principal supporting their appointment on whether any exemption would apply to them.

21. *Would appointed representatives carrying out securities dealing as at 1 January 2012 be required to pass Module 6A before they deal in Specified Investment Products?*

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

22. *Would appointed representatives carrying out futures trading or leveraged foreign exchange trading as at 1 January 2012 be required to pass Module 6A?*

They must pass Module 6A by 30 June 2013.

23. *Representatives who have been carrying out securities dealing (which include any Specified Investment Product), futures trading or leveraged foreign exchange trading have until 30 June 2013 to pass Module 6A. In the interim, can such representatives still continue carrying out securities dealing (which include any Specified Investment Product), futures trading or leveraged foreign exchange trading?*

They have until 30 June 2013 to pass Module 6A. In the interim, they 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 they have not passed Module 6A by 30 June 2013, they will only be allowed to carry out dealing in securities which are Excluded Investment Products. They 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 they pass Module 6A.

24. *Would persons carrying on the regulated activity of dealing in securities which are Specified Investment Products for accredited investors be required to pass Module 6A?*

They are required to pass Module 6A unless meet the criteria as set out in paragraph 18C of the Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions [Notice SFA04-N09].

25. *For existing appointed representatives carrying out securities dealing (which include any Specified Investment Product) or futures trading or leveraged foreign exchange trading, and who wish to submit a notification to expand their activities, do they need to pass Module 6A prior to expanding their activities?*

They have to pass Module 6A before they can submit the notification for securities dealing (which include any Specified Investment Product), futures trading, or leveraged foreign exchange trading in addition to their current activity.

26. *For existing representatives who are exempted from Module 6 based on Annex 1A of the Notice, can they be granted exemption from having to pass Module 6A?*

No. They will be exempted from the requirement to pass Module 6A if they meet the criteria as set out in paragraph 18C of the Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions [Notice SFA04-N09].

27. *For existing appointed representatives carrying out securities dealing (which include any Specified Investment Product) or futures trading or leveraged foreign exchange trading, and who wish to leave their current principal and continue the same regulated activities with another principal company, are they required to pass Module 6A before submission of their notification with the new principal?*

They have until 30 June 2013 to pass Module 6A. If they move to another principal company before 30 June 2013 and continue the same regulated activities, they still have until 30 June 2013 to pass Module 6A. However, they have to pass Module 6A before submission of their notification with the new principal, if they wish to add securities dealing (which include any Specified Investment Product) or futures trading or leveraged foreign exchange trading to their current activity after 1 January 2012.

- 28. *IBF has announced that from 1 January 2012, they will discontinue Module 7 of the CMFAS. Can persons who have passed Module 7 before 1 January 2012 still submit their notification to carry out trading in futures contracts or leveraged foreign exchange trading on and after 1 January 2012?***

Yes. If they submit their notification before 1 January 2012, their notification will be considered. If they submit their application on or after 1 January 2012, they have to pass the relevant modules of the CMFAS Exam.

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

Yes. They will continue to be exempted from Module 6.

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

As Module 7 is discontinued and replaced with Module 6A on 1 January 2012, the exemption from Module 7 will only be applicable until 1 January 2012. They will be exempted from the requirement to pass Module 6A if they meet the criteria as set out in paragraph 18C of the Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions [Notice SFA04-N09].

- 31. *For persons who currently possess a qualification listed in Annex 1 or 2, but the qualification is not listed in Annex 1A or 2A, are they required to pass Module 6 or 7 respectively on and after 1 January 2012?***

They are required to pass Module 6 or 7, unless they possess relevant working experience as listed in Annex 1A or 2A, or –

- (i) they are existing appointed representatives who have been conducting relevant regulated activities immediately before 19 October 2011 and continue to conduct such regulated activities on and after 19 October 2011;

- (ii) their principals have lodged with the Authority documents under section 99H of the Act, in relation to their appointments as appointed representatives before 1 January 2012; or
- (iii) there is no break in service of more than 6 months between their last working experience as representatives conducting relevant regulated activities and the date of their principal's lodgment with the Authority of documents under section 99H of the Act, in relation to their appointments as appointed representatives.

Module 7 is discontinued and replaced with Module 6A with effect from 1 January 2012. They will be exempted from the requirement to pass Module 6A if they meet the criteria as set out in paragraph 18C of the Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions [Notice SFA04-N09].

32. *Do degrees which include finance-related content qualify for exemption from M6A?*

Only a degree or higher qualification majoring in or with emphasis on finance, financial engineering or computational finance will qualify for exemption as stated in paragraph 18C of the Notice on Minimum Entry and Examination Requirements for Holders of Capital Markets Services Licence and Exempt Financial Institutions [Notice SFA04-N09]. 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.

33. *If a company sets up a specialised unit which carries out regulated activity in respect of Excluded Investment Product only, do the representatives within this specialised unit have to pass Module 6A?*

If a company carries out regulated activity in respect of both Excluded Investment Products and Specified Investment Products, but sets up a specialised unit within the company which conducts regulated activity in respect of Excluded Investment Products only, the representatives within this specialised unit are not required to pass Module 6A subject to the company putting in place proper controls to ensure that they do not conduct any regulated activity in respect of Specified Investment Products. These controls include direct supervision and monitoring that the activities of these

representatives are confined to Excluded Investment Products. In such cases, the representatives should inform their customers that they can only deal in Excluded Investment Products. Nevertheless, the company may set standards that are higher than the minimum standards required by MAS, so as to reflect the professionalism and competency they expect of their representatives.