

Annex A

LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON PROPOSED REVISIONS TO EXEMPTION FRAMEWORK FOR CROSS-BORDER BUSINESS ARRANGEMENTS

1. Allen & Gledhill LLP, who requested confidentiality of submission
2. Asia Securities Industry & Financial Markets Association
3. Citi (representing Citibank NA Singapore, Citicorp Investment Bank Singapore Limited, Citigroup Global Markets Singapore Pte Ltd and Citigroup Global Markets Singapore Securities Pte Ltd)
4. Clifford Chance Pte. Ltd.
5. Investment Management Association of Singapore
6. The Northern Trust Company, Singapore Branch
7. Cooperatieve Rabobank U.A, Singapore Branch
8. RHB Bank Berhad, Singapore Branch
9. Respondent A, who requested confidentiality of identity

Please refer to Annex B for the full submissions.

Annex B

**FULL SUBMISSIONS FROM RESPONDENTS TO THE CONSULTATION PAPER ON
 PROPOSED REVISIONS TO EXEMPTION FRAMEWORK FOR CROSS-BORDER
 BUSINESS ARRANGEMENTS**

S/N	Respondent	Full Responses from Respondent
1.	Asia Securities Industry & Financial Markets Association	<p>Question 1: MAS seeks comments on the proposed inclusion of Exempt Brokers in the scope of the FRC Framework. (Paragraphs 3.3 to 3.4)</p> <p>ASIFMA has no comments on this question.</p> <p>Question 2: MAS seeks comments on the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework. (Paragraph 3.5)</p> <p>ASIFMA would like to confirm with the MAS if “promulgating research analyses or research reports” includes situations where the research analysts meet with clients in Singapore to provide explanations or elaborations on their research analyses or reports (e.g. those expressed in a published research report or in the context of pre-deal investor education) or to answer queries in connection with the report. Currently, where a foreign analyst attends events or client meetings in Singapore to provide their expert views on their research analyses or reports which are issued in Singapore under the exemption provided in regulation 32C of the Financial Advisers Regulations (the “FAR”), there is concern that such discussions might deem the foreign analyst as “advising others directly concerning any investment product” (i.e. first limb of the definition of a “financial advisory service” under the Financial Advisers Act, Chapter 110 of Singapore (the “FAA”). Hence, the conservative stance has been for such foreign analysts to limit their discussion to macro outlook only when they are in Singapore.</p> <p>ASIFMA respectfully submits that where a research analyst or representative’s role is limited to explaining the contents of the report or responding to queries on the report and the representative does not provide any advice beyond the scope of the report, this should be regarded as ancillary to, and part of the process of issuance and promulgation of the research reports, and should not be considered as falling within the scope of “advising others either</p>

	<p>directly or through publications or writings”. We would be grateful for the MAS’ confirmation of the same.</p> <p>Accordingly, in the case of a foreign research analyst or representative, ASIFMA is of the view that this should be permitted under the scope of regulation 32C, and such arrangements should not be required to comply with the FRC Framework and would be grateful for the MAS’ confirmation of this point. ASIFMA respectfully submits that this would not give rise to additional risk to Singapore investors, given that the investors would already have access to the research advice in the report.</p> <p>Question 3: MAS seeks comments on the proposed exclusion of VCFMs from the scope of the FRC Framework. (Paragraph 3.6)</p> <p>ASIFMA has no comments on this question.</p> <p>Question 4: MAS seeks comments on the notification requirements, boundary conditions and ongoing reporting requirements for the proposed FRC Framework, as set out in paragraph 4 of the consultation paper. Please provide your responses to the various subparagraphs in the corresponding boxes below.</p> <p>ASIFMA is supportive of the movement to a notification framework, and we have set out our specific responses on the features of the notification framework below.</p> <p><u>Notification requirements (Paragraphs 4.3 to 4.4)</u></p> <p>(1) Clarification on Proposed Transitional Arrangements</p> <p>We would like to clarify whether existing approval conditions (other than those listed in Paragraph 4 of the consultation paper as “boundary conditions”) would be removed automatically as a matter of course under the notification framework, or whether we would be required to engage with MAS individually on the applicability of existing conditions for approvals that have already been issued under the current regulatory regime. For example, certain existing Paragraph 9 and Paragraph 11 approvals include requirements stating that the MAS must be notified if any FRC representative intends to reside in Singapore for more than 28 days in a calendar year.</p> <p>(2) Nature and Scope of Notification</p>
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	<p>We note that the Singapore Entity would be required to notify the MAS of arrangements with their FRCs, and would like to clarify whether such notifications are intended to be at an entity level or in respect of each category of licensed activity to be undertaken by the FRCs (where, in the case of the latter for example, notifications are required to be provided separately in respect of fund management and financial advisory services). For reasons of administrative efficacy and in order to reduce the need for multiple parallel notifications to be made to the MAS, we would be grateful if the MAS could consider the former approach such that notifications can be provided at an entity level by the Singapore entity in respect of all regulated activities intended to be undertaken by the relevant FRCs.</p> <p>(3) Reporting Timeline</p> <p>We note that the requirement to notify MAS of any material change to the arrangement within 14 days of such a change is a typical requirement under the existing FRC framework. Nonetheless, we would like to respectfully request MAS to consider allowing a longer timeline as such changes effected overseas might require more time to be channelled to Singapore.</p> <p>We would therefore be grateful if the MAS could consider extending the reporting timeline referred to in paragraphs 4.3 and 4.4 to 15 business days (i.e. 3 weeks), rather than 14 calendar days.</p> <p>(4) Clarification on timing for notification</p> <p>We would like to confirm that there are no changes for which prior approval is required, and notification is only required after the changes have been made.</p> <p>(5) FRC representatives</p> <p>We note that paragraph 4.4(iii) requires the reporting of changes in regulatory status of its representatives as well as the FRCs. We would like request that the reporting of changes be limited to the regulatory status of the FRC, and not its representatives. Given that there can be various FRCs involved and they can have multiple representatives, this can impose a very heavy administrative and operational burden on the Singapore Entity if has to notify the MAS of the changes of all its FRCs’ representatives. This issue is compounded by the fact that different jurisdictions have different approaches towards regulation of representatives and different definitions of who amounts to a “representative”, and it may not always be clear which persons</p>
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	<p>should be classified as representatives. We further note that paragraph 4.1(c) does not identify an FRC's representatives as a boundary condition. We respectfully submit that paragraph 4.6 provides sufficient investor safeguards as FRC representatives are already required to be adequately licensed or authorised in their own jurisdiction.</p> <p>In addition, we would also like to clarify whether the initial notification requirement as described in paragraph 4.3 would require the Singapore Entity to notify the MAS of not just the arrangement but also the relevant FRC representatives of the FRC(s). If so, then for the reasons outlined above, we would be grateful if the MAS could consider limiting the scope of the initial notification requirement to the relevant arrangements instead of specifically requiring the Singapore Identity to identify all relevant FRC representatives.</p> <p>(6) Material changes in products/services under the arrangement</p> <p>We would like to clarify whether the requirement in paragraph 4.4(ii) is a reference to the addition of only new regulated products or activities to be conducted by FRCs, and not in respect of the full range of products and services offered.</p> <p>(7) Changes in regulatory status</p> <p>We would like to request that the requirement to notify the MAS of changes in the regulatory status of the FRC(s) and the representatives, if the MAS retains this requirement should be limited to changes that are relevant to the arrangement, and not just any change. We would also be grateful for further guidance from the MAS on the intended scope of such changes in respect of which such notification is required.</p> <p>(8) Material changes in shareholding structure</p> <p>We note that paragraph 4.4(iv) provides that material changes to the arrangement requiring notification includes changes in the shareholding structure such that a FRC would no longer be a related corporation of the Singapore Entity. We would like to clarify that where changes do not affect the substance of the arrangement (e.g. to the names of entities or similar organisational changes), these would be regarded as non-material such that notification to the MAS need not be provided in respect of the same.</p> <p>(9) Material changes in targeted clientele</p>
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		<p>We would like to clarify the types of changes in targeted clientele that would be subject to ongoing notification to the MAS, given that restrictions will be imposed on the permissible categories of clientele under the FRC Framework, as outlined in paragraphs 4.7 and 4.8. We respectfully submit that requiring the Singapore Entity to notify the MAS on all changes to the FRC’s clientele would impose an onerous administrative and operational burden, especially if such changes are effected within the categories of permissible clientele under the FRC Framework.</p> <p><u>Regulatory status of the Singapore Entity (Paragraph 4.5)</u></p> <p>We would like to seek further guidance from the MAS on what would constitute a “meaningful role” undertaken by the Singapore Entity, and what factors the MAS would take into account in determining this.</p> <p>In particular, we would like to seek clarification if the Singapore Entity would be required to have a sizeable presence and/or whether the Singapore Entity must have a sizeable presence in the proposed arrangement. We would like to seek clarification on whether the current guidance under Appendix I of the Guidelines on Applications for Approval of Arrangements under Paragraph 9 of the Third Schedule to the Securities and Futures Act (the arrangements, “Paragraph 9 Arrangements” and the guidelines, “Paragraph 9 Guidelines”) on the proposed assessment of applications for approval of arrangements under Paragraph 9, as well as the corresponding guidance under Appendix I of the Guidelines on Applications for Approval of Arrangements under Paragraph 11 of the First Schedule to the Financial Advisers Act (the arrangements, “Paragraph 11 Arrangements” and the guidelines, “Paragraph 11 Guidelines”) would continue to be applicable. In cases where MAS have granted approval for arrangements that depart from the guidance under Appendix 1 of the Paragraph 9 or Paragraph 11 Arrangements (e.g. mostly foreign client servicing in limited circumstances), we respectfully submit that such arrangements be grandfathered in the event that the Paragraph 9 and Paragraph 11 Guidelines continue to remain in effect.</p> <p><u>Regulatory status of the FRCs (Paragraph 4.6)</u></p> <p>We understand the MAS’ requirement for a FRC to be from a jurisdiction that is supervised for compliance with FATF standards.</p>
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	<p>In respect of paragraph 4.6(a), we would like to highlight that certain FRCs may not necessarily have a “licence” or “authorisation” in respect of a particular activity (to be performed under the arrangement with the Singapore Entity), but are nonetheless subject to supervision by their home regulatory authority. For example, in some cases, the FRC may be relying on “wholly incidental” exemptions to perform an otherwise licensable activity, whilst still remaining appropriately supervised by the relevant home regulator for other activities. We respectfully submit that FRCs operating in this manner should be included within the scope of the FRC Framework notwithstanding that they are not necessarily “licensed” or “authorised” in respect of particular activities. We note that similar consideration is currently provided by the MAS for FRCs “subject to proper supervision by its home regulatory authority” under paragraphs 6(c) and 7(c) of the Paragraph 9 and Paragraph 11 Guidelines respectively.</p> <p><u>Permissible clientele under the arrangements (Paragraphs 4.7 to 4.8)</u></p> <p>We note that the MAS intends to restrict arrangements to non-retail customers. We would like to seek clarification on whether an FRC may ascertain the status of a customer during the onboarding process (rather than at the marketing stage), as the assessment of the status of an accredited investor or expert investor is unlikely to be confirmed when an FRC meets up with prospects. In particular, for accredited investors, it may not be possible to obtain evidence of the customer’s income or assets until the customer is onboarded. This issue may be further exacerbated upon operationalisation of the opt-in and opt-out requirements for accredited investors under the Securities and Futures (Classes of Investors) Regulations 2018.</p> <p>We would also like to request an extension of permissible clientele in the context of the regulated activity of advising on corporate finance. In many cases, the clients under these arrangements are corporates, but they may not fall within the definition of an accredited investor, expert investor or institutional investor. In this context, the client of the FRC is not typically an “investor” but rather a potential issuer of capital markets products or borrower (where the corporate finance advisory service relates to financing) and/or the recipient of corporate finance advice (where the corporate finance advisory service relates to mergers, acquisitions or restructuring advice). As the concepts of permissible clientele (being accredited, expert or institutional investors) do not appear to be strictly relevant for the purposes of corporate finance.</p>
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	<p><u>Internal controls – Record keeping (Paragraph 4.9(a))</u></p> <p>ASIFMA have no comments on this question.</p> <p><u>Internal controls – Register of Foreign Representatives (Paragraph 4.9(b))</u></p> <p>We understand the need for records of the required information to be maintained on every Foreign Representative (“FR”), particularly if such arrangements are relied upon by smaller firms. In that respect, we would like to clarify if the required information on the FR must be maintained in a single register or would it suffice if the required information exists, in one form or other, and is retrievable upon request. In particular, we would submit that it is more reasonable and practical for the Singapore Entity to rely on the FRC to maintain such information as long as the Singapore Entity has access to such records, in line with paragraph 4.9(d) of this Consultation Paper.</p> <p>To elaborate, with increasing global scrutiny on cross border interactions, most large financial institutions (“FIs”) already have in place policies and procedures to monitor travel plans of global employees. These visits would likely be electronically tracked in a system where data of every visit (including total duration spent by a representative in a country) could be easily retrieved. It would seem duplicative to maintain another register of such visits made by the FRs to fulfil the regulatory requirement.</p> <p>In addition, while we understand the need for the Singapore Entity to keep a register of each FR reflecting their relevant licensing/registration requirements, it would not seem relevant to maintain records of the FR’s academic qualifications. Such records are typically maintained in their respective locations and if the FR is duly licensed/ registered in their home jurisdiction, their academic qualifications should not be a determinant of their ability to provide the regulated activities in Singapore, as the licence would typically already impose minimum entry and examination requirements in respect of the FRs.</p> <p>Assuming the MAS is not agreeable to remove the requirement in paragraph 4.9(b)(ii), we would, in the alternative request to remove the updating of the qualifications since any subsequent changes to a FR’s qualifications would not diminish his/her ability or competence to carry out the existing regulated activities he/she has been licensed for. As an alternative to the updating of qualifications, the auditor’s</p>
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	<p>certification could confirm that the representatives are duly licensed or registered and/or that the FI has internal controls to ensure that the representatives are duly licensed or registered where required under law.</p> <p><u>Internal controls – Know-Your-Customer due diligence (Paragraph 4.9(c))</u></p> <p>We agree it is important to ensure such cross-border business arrangements are undertaken with appropriate KYC due diligence and where the arrangements are with countries having less onerous KYC requirements, it may be appropriate for the Singapore Entity to perform the role. However, we would respectfully request the MAS to consider allowing KYC due diligence to be performed by FRCs if they are subject to AML/CFT requirements consistent with standards set by the Financial Action Task Force. We would respectfully submit that the AML/CFT requirements set by the Financial Action Task Force should be considered equivalent or sufficiently rigorous – for instance, we note that under MAS Notice SFA04-N02 on the Prevention of Money Laundering and Countering the Financing of Terrorism – Capital Markets Intermediaries, capital markets intermediaries are permitted to rely on AML/KYC measures undertaken by FIs that are in subject to and supervised for compliance with AML/KYC measures that are consistent with the standards set by FATF.</p> <p>We would also respectfully submit that the Singapore Entity should not be required to perform ongoing monitoring where the customer is not a “customer” of the Singapore Entity as defined under the MAS Notices on Prevention of Money Laundering and Countering the Financing of Terrorism. For instance, where the customer is booked with the FRC and the transactions are undertaken through the FRC, the Singapore Entity may not be in a position to conduct such ongoing monitoring and should be able to rely on the monitoring conducted by the FRC.</p> <p><u>Internal controls – Access to records (Paragraph 4.9(d))</u></p> <p>We would be grateful if the MAS could provide further clarifications/examples on the types of records required, apart from KYC docs.</p> <p>We would also like to seek clarification on situations where there are legal issues or impediments with providing the MAS with access to</p>
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	<p>records. In these situations, we would be grateful if the MAS could consider a waiver from this requirement.</p> <p><u>Internal controls – Solicitation by Foreign Representatives (Paragraph 4.9(e))</u></p> <p>We would appreciate if MAS could clarify its intent when saying that solicitation should be performed “through or with an appointed representative”. For instance, in terms of “solicitation”, we would like to clarify if only solicitation of clients at the on-boarding stage must be performed “through or with an appointed representative” and subsequent to that, FRs may offer on-boarded clients regulated products without going through an appointed representative.</p> <p>A cross-border business arrangement is usually required because the FRs have the necessary expertise or mandate to offer certain investment products. Hence, there may be practical difficulties to always include appointed representatives for all subsequent interactions between FRs and clients as the appointed representative might not be able to contribute effectively to the discussion.</p> <p>In addition, in respect of soliciting clients in Singapore “through or with an appointed representative”, we would like to clarify if all interactions with clients on regulated products can only be done by FRs where it is either following a referral by an appointed representative or in the presence of an appointed representative. Alternatively, would it suffice that the appointed representative is made aware of the FRs’ intention to solicit. This is particularly so in situations where an FR moves from one FI to another, and has Singapore clients (from their past banking relationship) wanting to open a banking / investment account relationship with the FR with the new FI. In such situations, it is not uncommon for the Singapore resident clients may request that representative from the Singapore Entity not be involved / present during the “solicit phase”.</p> <p>In particular, we would like to clarify if physical chaperoning is required where an FR meets clients in Singapore. For example, it is not meaningful (and may not be welcomed by the new potential clients) for non-Japanese speaking appointed representatives to accompany Japanese FRs to client meetings conducted in Japanese.</p> <p>We would also like to confirm that networking and other events that do not involve marketing or solicitation of the FRC’s products and services do not constitute “solicitation”, and that the FRs are not required to comply with this requirement for such events.</p>
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	<p>In respect of cases where FRs solicit persons based in Singapore who are in turn acting as authorised parties of beneficial owners based outside Singapore, we would also be grateful for the MAS' confirmation that this would not constitute the solicitation of Singapore investors, such that the requirements in paragraph 4.9(e) do not apply. We would also appreciate the MAS' clarification on the applicability of the requirement in paragraph 4.9(e) in a case where, conversely, the FR solicits persons based outside Singapore who are acting as authorised parties of beneficial owners based in Singapore.</p> <p><u>Internal controls – Complaints handling (Paragraph 4.9(f))</u></p> <p>We would like to request that where the Singapore Entity has existing global or international policies and procedures on complaints handling, the Singapore Entity be allowed to rely on and use such existing policies instead of implementing Singapore specific/unique policies and procedures pertaining to complaints handling.</p> <p><u>Annual reporting requirements – Auditor's certification (Paragraph 4.10)</u></p> <p>We respectfully request for the MAS to consider allowing the annual reporting requirement to be fulfilled by independent assurance functions such as Internal Audit (IA) which would help reduce financial costs for the Singapore Entity.</p> <p>With reference to MAS Outsourcing Guidelines, reviews and audits on outsourcing arrangements are not mandated to be done by external auditors. We note, however, that under the current requirements for Paragraph 9 or Paragraph 11 approvals, there may be a requirement for an auditor's certification, which has not necessarily been imposed on all such approvals to-date. We respectfully submit that allowing independent assurance functions to undertake the necessary audit work would provide a more level playing field for FIs in addition to mitigating cost concerns. The current Paragraph 9 Guidelines and Paragraph 11 Guidelines only require that there must be proper documentation of the arrangements for audit trail purposes.</p> <p>In the alternative, we would be grateful for the MAS clarification on how the proposed requirements under Paragraph 4.10 are intended to be applied in view of the differences in approval conditions that are currently in effect insofar as auditor's certification is concerned (particularly whether the requirement would have a retrospective effect for existing Paragraph 9 and Paragraph 11 approvals that have</p>
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	<p>been issued without a corresponding auditor’s certification requirement, in which case we respectfully request that a reasonable transition period be provided to enable the operationalisation of the same).</p> <p>In the event that the MAS is unable to consider permitting reliance on IA functions as an alternative to external auditors, we would appreciate if MAS can consider having a similar audit requirement as that under the Securities and Futures (Financial Benchmarks) Regulations, where external auditor reports need only be prepared and submitted once every 3 years, while reports for the years in-between may be completed by internal audit. In this case, we would also respectfully request that existing Paragraph 9 or Paragraph 11 approval conditions relating to annual external audit requirements be harmonised accordingly in order to ensure a level playing field across all FIs (unless such conditions are automatically removed under the transitional arrangements for the revised FRC Framework).</p> <p>As a further alternative, we would also be grateful if the MAS could consider providing additional flexibility on the auditor’s certification requirement whereby certification from external auditor’s need not be on a strictly annual basis where such certification does not highlight any particular compliance issues. Staggering the frequency of the auditor’s certification depending on the existence of compliance issues would help reduce financial costs for the Singapore Entity compared to a strict annual certification requirement.</p> <p><u>Annual reporting requirements – Data collection (Paragraph 4.11)</u></p> <p>We would strongly request that the MAS consult with the industry on the metrics / data it wishes to collect in order to resolve potential issues such as unavailability of required data, difficulty of extraction, difficulty in populating the template, format of submission, implementation timeline etc. before finalising the required data set. In particular, we would need more information on the new annual reporting requirements, such as types of information required, reporting timeline and transition period, in order to comment on this question. These requirements can lead to significant compliance costs to implement if it consists of information and data that is not currently recorded, and any automation to build/provide the required data would take time and resources to implement. Additionally, there may also be instances where certain categories of data are not relevant depending on the activities being conducted (e.g. the size of a transaction, where the FRC is only engaged in marketing to Singapore clients).</p>
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		<p>We also note that as annual auditor’s certification on the boundary conditions are already required as part of the proposed FRC arrangement. We would suggest that the data collation be subsumed as part of the auditor’s annual certification to MAS, in order to reduce duplicative work by the Singapore Entity having to submit both the annual auditor’s certificate and regulatory submission. Also, by subsuming the data collation as part of the annual auditor’s certification, the auditors can provide an independent validation of the data submitted to MAS.</p> <p>Feedback pertaining to specific paragraphs in the consultation paper:</p> <p><u>Paragraph 5.1</u></p> <p>This paragraph states that the boundary conditions will be “set out in legislation”. Given that the existing Paragraph 9 Guidelines and Paragraph 11 Guidelines are set out in a Guidelines format, we suggest that the new boundary conditions should also be set out as a Guideline to maintain status quo.</p> <p><u>Paragraph 5.2</u></p> <p>We would be grateful if the MAS could provide an indicative time period of implementation of this proposed framework.</p> <p>In addition, for existing applications for Paragraph 9 Arrangements and Paragraph 11 Arrangements that have not been approved, we would like to query if such arrangements would still be approved pending the implementation of this framework, and if FIs may continue to apply for such approvals in the interim.</p> <p>For applications for approvals for Paragraph 9 Arrangements and Paragraph 11 Arrangements, we would like to query whether there is a need to submit the existing arrangements in the prescribed form for the new framework for consistency during the transition period,</p> <p><u>Paragraph 5.2</u></p> <p>With regards to existing approvals for Paragraph 9 Arrangements and Paragraph 11 Arrangements, we would like to query whether there is a process for ceasing such arrangements and if this can be done by way of a notification to the MAS?</p>
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	<p>Other comments:</p> <p>(1) Regulatory position on branches and the head office</p> <p>We would appreciate if the MAS can clarify the position with regards to how arrangements with Head Office, and Foreign Branches of the same legal entity, should be handled under the proposed framework. Currently, the industry has varied practice on how such arrangements should be handled. In some arrangements, the overseas staff of the Head Office carrying out the regulated activities are appointed as overseas based appointed representatives of the Singapore Entity. However, there are limitations to how many overseas based appointed representatives would be allowed. There would also be unlevel playing field as such overseas based appointed representatives are subjected to more stringent entry and examination qualification requirements as FRs under the proposed FRC framework.</p> <p>In addition, there have been increasing requests for leading global financial institutions to provide seamless market access services to clients with global presence via a follow-the-sun model. This model can exist in the format where sales and trading desks located in different jurisdictions can provide client support and execution instructions received from clients globally. It is the preferred model as opposed to setting up a local team in Singapore providing round-the-clock support for a relatively small volume of trades. While some firm’s business structures allow the use of the current FRC framework (Paragraph 9 or Paragraph 11 Arrangements), not all arrangements can fit within it. We understand that some industry players treat some of such arrangements as an outsourcing arrangement while others rely on clients’ reverse enquiry “exemption” where there is no solicitation by the FR. In such cases, the overseas representatives would not pro-actively contact clients to provide regulated services but would act based on requests from clients only when contacted by clients, perhaps via a hotline, to execute a certain trade. On the basis that such arrangements are meant to provide more comprehensive services to clients, and not to expand active solicitations beyond the Singapore team, we would appreciate if MAS can provide clarifications on the permissible cross-border arrangements.</p> <p>For good order sake, we respectfully submit that overseas branches and head office (the “HO”) of FIs incorporated overseas, in their arrangements with the Singapore entity with respect to Singapore clients, should be exempted from the requirements proposed in this Consultation Paper. This is on the basis that overseas branches and</p>
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	<p>the HO of FIs incorporated overseas are the same legal entity as the FI's Singapore branch.</p> <p>Alternatively, we respectfully submit that staff of the overseas branches and HO be subject to the same regulatory regime under the FRC Framework as the staff of FRCs, for purposes of harmonisation. In the case of overseas branches which do not pro-actively contact clients and provide services strictly on a reverse enquiry basis, we would also be grateful if the MAS could consider allowing the overseas branches and HO to operate as a back-up function in the servicing of clients in Singapore.</p> <p>(2) Spot Foreign Exchange Contracts</p> <p>With reference to regulation 27A of the FAR, we note that a bank, exempt from holding a financial advisers' licence under section 23(1)(a) or (b) of the FAA, shall be exempt from section 23(4) of the FAA and regulation 37 in respect of its carrying on of the business of advising others, either directly or through publications or writings or by issuing or promulgating research analyses or research reports, on spot foreign exchange contracts other than for the purposes of leveraged foreign exchange trading arranged. We would suppose that any cross-border arrangements relating to the same type of advice are accorded the same exemption and would appreciate if MAS could provide such clarity in the proposed framework.</p> <p>(3) Arrangements under Regulation 65</p> <p>We would also like to clarify if arrangements currently exempted under regulation 65 of the Securities and Futures (Licensing and Conduct of Business) Regulations would be subjected to the Revised Conditions under the proposed FRC framework (as paragraph 5.2 of the Consultation Paper states that Singapore Entities with existing arrangements will have to comply with the Revised Conditions under the proposed FRC Framework).</p> <p>We submit that the Revised Conditions should not apply to existing arrangements mentioned under regulation 65, which is meant to accommodate existing "grandfathered" specified OTC derivatives and specified FX arrangements.</p> <p>Considering that there are existing arrangements with well-established business models dealing in specified OTC derivatives and specified FX contracts, operating on large extensive scale and over long period of years, we foresee that there would be massive</p>
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		<p>enormous operational effort, time and resources imposed (and even possibly structural organisational changes), should the Revised Conditions be imposed on FIs with existing arrangements with foreign companies dealing in specified OTC derivatives and specified FX contracts.</p> <p>As such, we request that the Revised Conditions will only be applicable to new arrangements (after a cutoff date), for FIs who wish to adopt the proposed FRC Framework for specified OTC derivatives and specified FX contracts.</p>
<p>2.</p>	<p>Citibank NA Singapore, Citicorp Investment Bank Singapore Limited, Citigroup Global Markets Singapore Pte Ltd and Citigroup Global Markets Singapore Securities Pte Ltd</p>	<p>Question 1: MAS seeks comments on the proposed inclusion of Exempt Brokers in the scope of the FRC Framework. (Paragraphs 3.3 to 3.4)</p> <p>We have no further comment to the proposed inclusion of Exempt Brokers in the scope of the FRC Framework.</p> <p>Question 2: MAS seeks comments on the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework. (Paragraph 3.5)</p> <p>We are agreeable to the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework.</p> <p>In relation to Regulation 32C of the Financial Advisers Regulation, we are of the view that representatives of the FRCs can also similarly rely on this licensing exemption as and when they issue or promulgate research reports to Singapore-based clients.</p> <p>Given the proposal to exclude these entities from the FRC Framework, we assume the proposed boundary conditions will not be applicable to such entities and its representatives going forward.</p> <p>Question 3: MAS seeks comments on the proposed exclusion of VCFMs from the scope of the FRC Framework. (Paragraph 3.6)</p> <p>We have no further comment to the proposed exclusion of VCFMs in the scope of the FRC Framework.</p> <p>Question 4: MAS seeks comments on the notification requirements, boundary conditions and ongoing reporting requirements for the proposed FRC Framework, as set out in paragraph 4 of the</p>

	<p>consultation paper. Please provide your responses to the various subparagraphs in the corresponding boxes below.</p> <p><u>Notification requirements (Paragraphs 4.3 to 4.4)</u></p> <p><u>Paragraph 4.3</u></p> <p>A financial institution is required to notify the MAS of the arrangement and confirm to the MAS its compliance with the boundary conditions within 14 days of commencement of every such arrangement.</p> <p>We are supportive of the notification framework. However, we would like to confirm whether the timing of the “<i>commencement of every such arrangement</i>” kicks-in when the first deal is booked in the FRC against a Singapore-based client or otherwise. If this is not the MAS’ intent and as each financial institution may interpret the commencement date differently, we recommend the MAS to provide clarity and guidance on this aspect.</p> <p>We also request the MAS to extend the reporting timeline from the proposed 14 to 30 days. Please also confirm whether the 14 days are intended to be business or calendar days.</p> <p><u>Paragraph 4.4</u></p> <p>The Singapore Entity is required to notify the MAS of any material change to the arrangement within 14 days of such a change. Given the Singapore Entity is relying on the FRC to notify it of any material changes and there can be elements of confidentiality which do not allow the FRC to immediately notify the Singapore Entity, we propose to amend the reporting requirement to the following:</p> <ul style="list-style-type: none">• “<i>notify the MAS of any material change to the arrangement within 14 days after the Singapore entity is notified by the FRC of such a change.</i>” <p>Similarly, we would appreciate the MAS to clarify whether the 14 days refer to business or calendar days.</p> <p><u>Regulatory status of the Singapore Entity (Paragraph 4.5)</u></p> <p>There are countries whereby the local regulations do not require or mandate the FRC’s representatives to hold a licence or authorization when carrying out similar regulated activities proposed under such</p>
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	<p>arrangements. In that regard, we request the MAS to cater for such situations and allow similar exemptions to apply.</p> <p><u>Regulatory status of the FRCs (Paragraph 4.6)</u></p> <p>We have no further comment in relation to the regulatory status of the FRCs.</p> <p><u>Permissible clientele under the arrangements (Paragraphs 4.7 to 4.8)</u></p> <p>The permissible clientele under the arrangements is limited to non-retail customers. As such and in line with the revised client classification process under the Securities and Futures (Amendments) Act, the Singapore entity and/or the FRC can inform the Singapore-based clients that if they choose to be a retail customer, we will not be in a position to service or provide them with certain services through the FRC.</p> <p><u>Internal controls – Record keeping (Paragraph 4.9(a))</u></p> <p>Other than the MAS’ Notice of Prevention of Money Laundering and Countering the Financing of Terrorism, the existing FRC Framework does not mandate the FRCs to comply with additional regulations under the Securities and Futures Act (the “SFA”) and the Financial Advisers Act. This is due to the recognition of “<i>equivalent jurisdictions</i>” whereby the foreign regulators will impose similar requirements on the FRCs.</p> <p>Given that such arrangements are only and continue to be permitted for countries with equivalent status and that the MAS has allowed such reliance in relation to other regulations under the SFA, we propose the removal of imposing this boundary condition under this Framework.</p> <p><u>Internal controls – Register of Foreign Representatives (Paragraph 4.9(b))</u></p> <p>We are agreeable to the MAS’ proposal of maintaining a register of Foreign Representatives containing the information mandated except for <i>ii. the Foreign Representative’s relevant qualifications (including any updating of the qualifications)</i>. Such information is not relevant to the arrangement and are usually included as part of the hiring process of the FRCs. It should thus not be required in the register.</p>
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	<p><u>Internal controls – Know-Your-Customer due diligence (Paragraph 4.9(c))</u></p> <p>We have no further comments.</p> <p><u>Internal controls – Access to records (Paragraph 4.9(d))</u></p> <p>The FRCs are regulated in their local jurisdictions and may have approval/notification obligations when providing information to foreign regulators that do not supervise them directly. Thus, we are fine with the proposed condition of providing access to records in relation to the arrangements to the MAS subject to fulfilling any approvals/notifications required by the FRCs’ regulators.</p> <p><u>Internal controls – Solicitation by Foreign Representatives (Paragraph 4.9(e))</u></p> <p>We have no further comments.</p> <p><u>Internal controls – Complaints handling (Paragraph 4.9(f))</u></p> <p>We have no further comments.</p> <p><u>Annual reporting requirements – Auditor’s certification (Paragraph 4.10)</u></p> <p>As a global bank, we have a significant number of existing paragraphs 9 and 11 approvals that are not subject to an annual certification from its external auditors. With the MAS’ proposal to apply this requirement across all existing approved arrangements, it will create a substantial increase in compliance costs to the firm. In addition, we would like to highlight that such an annual certification requirement is not required in similar remote booking arrangement framework proposed by other foreign regulators in equivalent jurisdictions.</p> <p>In that regard, we propose the use of internal auditors who understand the complexities and idiosyncrasies of the financial institution to comply with this condition. We also propose for a meaningful review and/or should an external audit be required, it should be on a three (3) instead of a one-year cycle. This is especially so for the new arrangements.</p> <p><u>Annual reporting requirements – Data collection (Paragraph 4.11)</u></p>
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		<p>We recommend the MAS to consult the industry prior to implementing any reporting/data collection templates as each financial institution may have or use varying types of data points.</p> <p>In addition, depending on the type of information required by the MAS, we may need to implement system enhancements including mandating additional fields in our trade booking systems or implementing a systematic way of pulling the fields to comply with the new reporting requirements etc. As such, we propose the MAS to grant a transition period of at least a year after the effective date of the regulation to cater for such system enhancements.</p> <p>Feedback pertaining to specific paragraphs in the consultation paper:</p> <p><u>Paragraph 5.2</u></p> <p>Paragraph 5.2 of the Consultation Paper states that <i>“Singapore Entities with existing arrangements will have to comply with the Revised Conditions under the proposed FRC Framework, after a suitable transition period”</i>. Therefore, we would like to clarify that in relation to existing approved arrangements, whether specific conditions such as those relating to Depository Risk Analyses in the original approvals etc. would cease to apply once this framework becomes effective.</p> <p>Other comments:</p> <p>In view of BREXIT and taking into consideration, the timeline of the proposed regulatory changes, we seek clarity from the MAS on the interim measures to transfer existing approvals used by our London entities to a newly identified European entity as part of a global initiative.</p>
3.	Clifford Chance Pte. Ltd.	<p>Question 1: MAS seeks comments on the proposed inclusion of Exempt Brokers in the scope of the FRC Framework. (Paragraphs 3.3 to 3.4)</p> <p>We have no objection to the MAS' proposal to include Exempt Brokers in the scope of the FRC Framework.</p> <p>We note, however, that the MAS has indicated at paragraph 3.5 of the consultation that <i>"Similar to the current requirement, the Singapore Entity must have the relevant licence or authorisation to conduct the corresponding regulated activities that the FRC intends to</i></p>

	<p><i>undertake in Singapore as part of the proposed arrangement"</i> (emphasis added). We note that an Exempt Broker would not be licensed / authorised under the SFA, and would be exempt from the licensing requirement as long as it carries on regulated activities solely within the scope of the relevant exemption (under paragraph 3A(1)(d) or 3(1)(d) of the Second Schedule of the Securities and Futures (Licensing and Conduct of Business) Regulations, as the case may be).</p> <p>As such, we would be grateful if the MAS could clarify its approach towards Exempt Brokers in the context of the FRC Framework.</p> <p>Question 2: MAS seeks comments on the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework. (Paragraph 3.5)</p> <p>No comments.</p> <p>Question 3: MAS seeks comments on the proposed exclusion of VCFMs from the scope of the FRC Framework. (Paragraph 3.6)</p> <p>No comments.</p> <p>Question 4: MAS seeks comments on the notification requirements, boundary conditions and ongoing reporting requirements for the proposed FRC Framework, as set out in paragraph 4 of the consultation paper. Please provide your responses to the various subparagraphs in the corresponding boxes below.</p> <p><u>Notification requirements (Paragraphs 4.3 to 4.4)</u></p> <p>We have no objection to the MAS' proposal to replace the current approval requirement with a notification requirement.</p> <p><u>Regulatory status of the Singapore Entity (Paragraph 4.5)</u></p> <p>No comments.</p> <p><u>Regulatory status of the FRCs (Paragraph 4.6)</u></p> <p>No comments.</p> <p><u>Permissible clientele under the arrangements (Paragraphs 4.7 to 4.8)</u></p> <p>No comments.</p>
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		<p><u>Internal controls – Record keeping (Paragraph 4.9(a))</u></p> <p>No comments.</p> <p><u>Internal controls – Register of Foreign Representatives (Paragraph 4.9(b))</u></p> <p>No comments.</p> <p><u>Internal controls – Know-Your-Customer due diligence (Paragraph 4.9(c))</u></p> <p>No comments.</p> <p><u>Internal controls – Access to records (Paragraph 4.9(d))</u></p> <p>No comments.</p> <p><u>Internal controls – Solicitation by Foreign Representatives (Paragraph 4.9(e))</u></p> <p>No comments.</p> <p><u>Internal controls – Complaints handling (Paragraph 4.9(f))</u></p> <p>No comments.</p> <p><u>Annual reporting requirements – Auditor’s certification (Paragraph 4.10)</u></p> <p>No comments.</p> <p><u>Annual reporting requirements – Data collection (Paragraph 4.11)</u></p> <p>No comments.</p> <p>Feedback pertaining to specific paragraphs in the consultation paper:</p> <p>No comments.</p> <p>Other comments:</p>
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		<p>As currently drafted, the exemptions under Paragraph 9 of the Third Schedule of the Securities and Futures Act (Cap. 289) ("SFA") and Paragraph 11 of the First Schedule of the Financial Advisers Act (Cap. 110) ("FAA") are drafted as applying to a foreign company that is a "related corporation" that is licensed under the SFA or exempted under Sections 99(1)(a), (b), (c) or (d), or licensed under the FAA or exempted under Section 23 (other than subsections (1)(ea) and (f)), as the case may be.</p> <p>A corporation is deemed to be a "related corporation" of a second corporation where it is the holding company of the second corporation, is a subsidiary of the second corporation, or is a subsidiary of the holding company of the second corporation.</p> <p>However, branches of a Singapore Entity do not fall within the meaning of "related corporation".</p> <p>We request the MAS to consider applying the FRC Framework, or to clarify whether the FRC Framework is intended to apply to the head office or other branches of a foreign-incorporated Singapore Entity.</p>
4.	Investment Management Association of Singapore	<p>Question 1: MAS seeks comments on the proposed inclusion of Exempt Brokers in the scope of the FRC Framework. (Paragraphs 3.3 to 3.4)</p> <p>Nil</p> <p>Question 2: MAS seeks comments on the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework. (Paragraph 3.5)</p> <p>Nil</p> <p>Question 3: MAS seeks comments on the proposed exclusion of VCFMs from the scope of the FRC Framework. (Paragraph 3.6)</p> <p>Nil</p> <p>Question 4: MAS seeks comments on the notification requirements, boundary conditions and ongoing reporting requirements for the proposed FRC Framework, as set out in paragraph 4 of the consultation paper. Please provide your responses to the various subparagraphs in the corresponding boxes below.</p> <p><u>Notification requirements (Paragraphs 4.3 to 4.4)</u></p>

		<p><u>Paragraph 4.3</u></p> <p>(a) Please provide guidance on the determination of “commencement” date. Does it refer to the date of arrangement (e.g. indicated in contract, agreement) agreed between the Singapore Entity and FRC; or the date of the FRC representative performing the activity?</p> <p>(b) We seek further clarification about the information required in the prescribed form. If the prescribed form differs from the current form under SFA04-G03, we seek MAS’ support in providing a draft copy in preparation for the changes.</p> <p><u>Paragraph 4.4</u></p> <p>(a) Please clarify if the removal of FRC to the arrangement constitutes a material change.</p> <p>(b) Please provide guidance on what constitutes a reduction in the role of the Singapore Entity within the arrangement that requires notification.</p> <p>(c) The clientele eligible under the proposed FRC framework is limited to non-retail customers. Please clarify what constitutes a change in clientele targeted by the FRC apart from “non-retail” to “retail”.</p> <p>(d) Please provide guidance if notification is required only in instances when changes in the types of products/services would result in a new type of regulated activity. Under existing arrangements previously approved by MAS, Singapore Entities do not have to list the specific types of products/services under the arrangement as they relate to the same type of regulated activity. Is the Singapore entity expected to list out the names of the specific products / services that will fall under the arrangement? Please provide more guidance on what is considered “material change”.</p> <p>(e) Where changes to the organisation structure, names of entities or similar organisation changes do not affect the substance of the arrangement, we would like to clarify that these would continue to be regarded as non-material and therefore not requiring notification to MAS.</p>
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	<p>(f) For existing arrangements previously approved by MAS, a 28 days/year requirement is imposed (i.e. if any representative of the FRC intends to reside in Singapore for more than 28 days in a calendar year, MAS notification is required.) We note this does not form part of the proposed Notification Requirements and would like MAS to clarify if this is still a requirement.</p> <p>(g) Please provide guidance if the proposed timeline of 14 days set out in Paragraph 4.3 and Paragraph 4.4 refers to 14 business days or 14 calendar days.</p> <p>(h) Please provide guidance if the termination of the arrangement constitutes a material change.</p> <p><u>Regulatory status of the Singapore Entity (Paragraph 4.5)</u></p> <p>A Singapore Entity may not necessary be deemed to play a meaningful role within the arrangement if solely based on its licensing or authorisation status. An example of a “meaningful role” may include requiring licensed representatives of the Singapore Entity to participate in the regulated activities. Please provide guidance on what constitutes a “meaningful role”.</p> <p><u>Regulatory status of the FRCs (Paragraph 4.6)</u></p> <p>While foreign regulatory authorities in certain jurisdictions may not impose individual licensing or authorisation requirements for certain job functions. (i.e. portfolio managers in the United States do not hold a licence.), individual representatives are still supervised by their relevant foreign regulatory authorities. We propose for the wording in Paragraph 4.6(a) to be amended to cover scenarios where licensing or authorisation requirements are not imposed, and a supervisory approach is taken instead.</p> <p><u>Permissible clientele under the arrangements (Paragraphs 4.7 to 4.8)</u></p> <p>Please clarify if the permissible clientele includes consultants representing non-retail customers. If so, are the consultants required to be Accredited Investors, Expert Investors or Institutional Investors? The consultants in this instance will not be establishing business relationships with the Singapore Entity or FRC.</p> <p><u>Internal controls – Record keeping (Paragraph 4.9(a))</u></p>
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		<p>Nil</p> <p><u>Internal controls – Register of Foreign Representatives (Paragraph 4.9(b))</u></p> <p><u>Paragraph 4.9(b)(ii)</u></p> <p>A member seeks clarification what constitutes “relevant qualifications”. Is this referring to academic qualifications, professional qualifications or work experience? If they are already licensed or authorised in their local jurisdiction, can we not maintain information on their academic qualification?</p> <p>Another member proposes for MAS to consider removing the requirement of having the foreign representative’s relevant qualifications to be updated in the Register. The HR policies of the Singapore entity and tracking of the licensing status of foreign representatives should suffice in determining that the foreign representatives are adequately qualified.</p> <p><u>Paragraph 4.9(b)(iii)</u></p> <p>Please clarify what constitutes “status of any licences”. Is this referring to whether the Foreign Representative is licensed or not? Is it required to indicate the licensed activities performed by the Foreign Representative in his/her jurisdiction? If the jurisdiction’s regime does not require licensing per se, what is the minimum information required to be maintained?</p> <p>On the requirement for the FRC and its representatives to be licensed or authorised in their own jurisdiction, please clarify in cases where jurisdictions do not require representatives to be licensed or authorised.</p> <p><u>Internal controls – Know-Your-Customer due diligence (Paragraph 4.9(c))</u></p> <p>(a) Please clarify if the KYC requirements relate to paragraph 14.13 in the MAS Notice SFA04-N02.</p> <p>(b) MAS Notice SFA04-N02 requires using reliable and independent source to verify the identity. For FRC, and its representatives, who are affiliates of the Singapore Entity, please clarify what constitutes as “reliable and independent” source and whether the relevant functions (e.g. human resources or company secretariat) within the FRC are acceptable to be such sources.</p>
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	<p>(c) Please clarify if the Singapore Entity can rely on the pre/post-employment checks conducted by the FRC on its representatives if the FRC is from a FATF equivalent jurisdiction and has comparable AML standards as the Singapore Entity.</p> <p>(d) We propose for MAS to consider not applying the Singapore KYC due diligence requirements to customers who did not contract with the Singapore entity. We would</p> <p><u>Internal controls – Access to records (Paragraph 4.9(d))</u></p> <p>We seek the MAS’ understanding in cases where it may not always be possible to provide the required information to the MAS, as such information may be subject to the privacy requirement of the overseas regulator of the FRC. While the KYC documents are available to the extent the performance of the KYC is facilitated or performed by the Singapore entity depending on whether the customer contracts with the FRC or the Singapore entity, other information pertaining to transactions and fees may not be.</p> <p><u>Internal controls – Solicitation by Foreign Representatives (Paragraph 4.9(e))</u></p> <p>Please clarify if the solicitation of clients through or with appointed representatives of the Singapore Entity only applies to the initial solicitation.</p> <p><u>Internal controls – Complaints handling (Paragraph 4.9(f))</u></p> <p>Nil</p> <p><u>Annual reporting requirements – Auditor’s certification (Paragraph 4.10)</u></p> <p>We note that MAS intends to apply the conditions under the proposed framework on all existing arrangements after a suitable transition period. We would like to clarify whether the requirement to provide the auditor’s certification would only cover the period after the transition timeline or if the requirement would have a retrospective effect.</p> <p>Additionally, we note that there is no timeline for the submission in the Consultation Paper and seek MAS’ support for an ample and reasonable transition period.</p>
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		<p><u>Annual reporting requirements – Data collection (Paragraph 4.11)</u></p> <p>(a) Please consider consulting the industry on the nature and type of data to be collected. This is to pre-empt any challenges in obtaining the data.</p> <p>(b) Given the various reporting required of the Singapore entity, we hope that the MAS can consider combining this requirement into one of the existing reports (e.g. the MAS Comprehensive Risk Assessment Framework and Techniques questionnaire.)</p> <p>(c) We note that the timeframe for reporting has not been specified in the Consultation Paper and seek clarification for the submission of this report should the MAS decide to have a separate reporting.</p> <p>Feedback pertaining to specific paragraphs in the consultation paper:</p> <p>Nil</p> <p>Other comments:</p> <p>(a) Please provide guidance on whether there exists a limit to the number of FRCs that can be included under the arrangement? If yes, what is the limit?</p> <p>(b) With the proposed revisions set out in the Consultation Paper, how and to what extent does the assessment criteria currently set out in Appendix 1 of the SFA04-G03 apply?</p>
5.	The Northern Trust Company, Singapore Branch	<p>Question 1: MAS seeks comments on the proposed inclusion of Exempt Brokers in the scope of the FRC Framework. (Paragraphs 3.3 to 3.4)</p> <p>Nil</p> <p>Question 2: MAS seeks comments on the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework. (Paragraph 3.5)</p> <p>Nil</p> <p>Question 3: MAS seeks comments on the proposed exclusion of VCFMs from the scope of the FRC Framework. (Paragraph 3.6)</p>

	<p>Nil</p> <p>Question 4: MAS seeks comments on the notification requirements, boundary conditions and ongoing reporting requirements for the proposed FRC Framework, as set out in paragraph 4 of the consultation paper. Please provide your responses to the various subparagraphs in the corresponding boxes below.</p> <p><u>Notification requirements (Paragraphs 4.3 to 4.4)</u></p> <p>Nil</p> <p><u>Regulatory status of the Singapore Entity (Paragraph 4.5)</u></p> <p>Nil</p> <p><u>Regulatory status of the FRCs (Paragraph 4.6)</u></p> <p>Nil</p> <p><u>Permissible clientele under the arrangements (Paragraphs 4.7 to 4.8)</u></p> <p>Nil</p> <p><u>Internal controls – Record keeping (Paragraph 4.9(a))</u></p> <p>Nil</p> <p><u>Internal controls – Register of Foreign Representatives (Paragraph 4.9(b))</u></p> <p>Paragraph 4.9(b) of the Consultation Paper stipulates that a Singapore Entity maintains a register containing information on (i) the duration of every visit to Singapore by the Foreign Representative to carry out the activity under the arrangement; (ii) the Foreign Representative’s relevant qualifications (including any updating of the qualifications); and (iii) the status of any licences relating to activities similar to the carrying out of the activity under the arrangement held by the Foreign Representative in any jurisdiction other than Singapore</p> <p>We would appreciate if MAS can provide clarification in relation to the definition of the Foreign Representatives, as there could be</p>
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	<p>various possibilities how a Foreign Representative should be defined, and consequently the register that has to be maintained. For instance,</p> <ul style="list-style-type: none">- Is a Foreign Representative an individual appointed by the Foreign Entity to be licensed in any jurisdiction other than Singapore? Does his license need to be mapped to a corresponding similar license in Singapore (by activity type) before he can conduct any activity under the FRC arrangement? or;- Is a Foreign Representative an individual appointed by the Singapore Entity to be licensed in Singapore, but continues to reside overseas? <p><u>Internal controls – Know-Your-Customer due diligence (Paragraph 4.9(c))</u></p> <p>Nil</p> <p><u>Internal controls – Access to records (Paragraph 4.9(d))</u></p> <p>Nil</p> <p><u>Internal controls – Solicitation by Foreign Representatives (Paragraph 4.9(e))</u></p> <p>Nil</p> <p><u>Internal controls – Complaints handling (Paragraph 4.9(f))</u></p> <p>Nil</p> <p><u>Annual reporting requirements – Auditor’s certification (Paragraph 4.10)</u></p> <p>Paragraph 4.10 requires that a Singapore Entity submit an annual certification from its external auditors that the boundary conditions under the proposed FRC framework have been complied with.</p> <p>We would appreciate if MAS could clarify if the external auditor providing the annual certification be the same as the Singapore Entity’s statutory auditors. In addition, we would like to propose that the Singapore Entity’s internal auditor be able to provide this annual certification.</p> <p><u>Annual reporting requirements – Data collection (Paragraph 4.11)</u></p>
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		<p>Nil</p> <p>Feedback pertaining to specific paragraphs in the consultation paper:</p> <p>Nil</p> <p>Other comments:</p> <p>The Northern Trust Company Singapore Branch (“the Bank”) is in favor of the proposed revisions to the Exemption Framework for Cross-Border Business Arrangements of Capital Markets Intermediaries.</p> <p>These proposed changes assist the Bank, as a branch of an overseas incorporated bank, to streamline processes arising from challenges associated with operating in a globally interconnected network of bank branches and affiliates. The proposed changes will also allow the Bank to tap on the expertise from other Northern Trust branches and / or affiliates which operate as our Center of Excellence such as asset management, capital markets and fund administration. This furthers the development of those practices in Singapore, which facilitates future investment in our local teams, capabilities and the community. Further, the Bank can leverage on the existing global governance model which would be supplemented with the applicable local rules / regulations from equivalently regulated jurisdictions.</p>
<p>6.</p>	<p>Cooperatieve Rabobank U.A, Singapore Branch</p>	<p>Question 1: MAS seeks comments on the proposed inclusion of Exempt Brokers in the scope of the FRC Framework. (Paragraphs 3.3 to 3.4)</p> <p>We have no comments.</p> <p>Question 2: MAS seeks comments on the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework. (Paragraph 3.5)</p> <p>We agree.</p> <p>Question 3: MAS seeks comments on the proposed exclusion of VCFMs from the scope of the FRC Framework. (Paragraph 3.6)</p> <p>We have no comments.</p>

	<p>Question 4: MAS seeks comments on the notification requirements, boundary conditions and ongoing reporting requirements for the proposed FRC Framework, as set out in paragraph 4 of the consultation paper. Please provide your responses to the various subparagraphs in the corresponding boxes below.</p> <p><u>Notification requirements (Paragraphs 4.3 to 4.4)</u></p> <p>Could the Authority please clarify what would changes in the regulatory status of the FRCs and its representatives include apart from for e.g., revocation or termination of licences? Further, as there could be a number of such representatives from the FRCs, it might not be possible to provide changes to the representatives' status within 14 days. However, we would respectfully ask that changes to the representatives' status should not be required since any material change like revocations or terminations would automatically result in a withdrawal of the particular staff's ability to act on behalf of the FRC and hence, in Singapore as well.</p> <p>Could the Authority provide examples of what the Authority sees as being a reduction or substantial change in the role of the Singapore entity within the arrangement?</p> <p>If the substantial change would include the Singapore entity no longer conducting the particular activity having passed this onto another associated company/branch, could the arrangement continue nonetheless on the basis that the FRC representatives conducting the business on behalf of the Singapore entity are registered as Overseas Representatives? See related question/comments below in Para 4.5.</p> <p><u>Regulatory status of the Singapore Entity (Paragraph 4.5)</u></p> <p>If the Singapore entity continues business in Singapore, but a particular regulated activity e.g., dealing in OTC Derivatives has been passed to another office outside of Singapore to handle, can the Singapore entity enter into arrangement with the FRC where the FRC handles all such dealings? In this case, Singapore will not conduct the particular activity nor will it have any representatives conducting the particular activity but will have FRC representatives doing so on its behalf on basis that the FRC representatives are licensed in Singapore as overseas representatives.</p> <p>Would the Authority clarify if this would be permissible?</p> <p><u>Regulatory status of the FRCs (Paragraph 4.6)</u></p>
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	<p>We would like to propose that the licensing requirements especially requiring the FRC and its representatives to be from a jurisdiction that is supervised with the right AML/CFT standards/UN Sanctions be limited to the FRC and not the representatives since an FRC could employ staff from different jurisdictions and where they came from should not affect their present residency status as they would have to abide by the rules that the FRC have to abide by. Alternatively, where the representatives come from (nationality) should be differentiated from where they are resident in/employed to work in.</p> <p><u>Permissible clientele under the arrangements (Paragraphs 4.7 to 4.8)</u></p> <p>We have no comments.</p> <p><u>Internal controls – Record keeping (Paragraph 4.9(a))</u></p> <p>Would the Authority clarify the types of records that would be required to be maintained by the Singapore entity?</p> <p>Should transactions be booked in the FRC and not the Singapore entity, would it be sufficient that the Singapore entity have access to these records because it would not be possible to keep duplicates of such transaction records? Further, there could be transactions that the FRC might have entered into with the client which the Singapore entity was not involved in.</p> <p>There could also be some FIs who are exempted from keeping records when they, for example, deal with Accredited Investors, will they continue to enjoy these exemptions when dealing with the same clientele?</p> <p><u>Internal controls – Register of Foreign Representatives (Paragraph 4.9(b))</u></p> <p>In respect of the register of Foreign Representatives, as these representatives may change and may at the last minute plan a strip to Singapore, we feel that keeping track of their qualifications might be a burden including their licensing status.</p> <p>We would ask the Authority to reconsider the requirements to maintain the FRC’s representatives’ qualifications and their licensing status.</p>
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	<p><u>Internal controls – Know-Your-Customer due diligence (Paragraph 4.9(c))</u></p> <p>Following our comments to Para 4.5 above, if clients are booked in the FRC and not the Singapore entity, would the Singapore entity be required to conduct KYC and maintain the KYC and related KYC documents in Singapore or would it suffice that these documents are maintained by the FRC which the Singapore entity can arrange to have access to?</p> <p><u>Internal controls – Access to records (Paragraph 4.9(d))</u></p> <p>Could the Authority clarify the types of records that the Singapore entity will need access to?</p> <p><u>Internal controls – Solicitation by Foreign Representatives (Paragraph 4.9(e))</u></p> <p>Could the Authority clarify the following:</p> <ol style="list-style-type: none">1. That not all visits require accompaniment by Singapore Representatives but only visits where clients are being solicited. In other words, if the client had already agreed to undertake the transaction via overseas phone calls/emails and the visit in Singapore is merely to complete the documentation, can we take it that such visits need not necessarily be accompanied by a Singapore Representative? Similarly, would the Authority confirm that meetings that are social visits, will not require any accompaniment by Singapore representatives?2. Following comments to Para 4.5 above, if the FRC representative is a representative registered in Singapore as an overseas representative, can such overseas representative go on visits without being accompanied on the basis that the person is registered?3. If the Singapore entity no longer conducts the particular activity, there would be no registered representative conducting the particular activity to accompany the overseas representative, under that situation, can the FRC representative be accompanied by someone representing the Singapore office like a relationship manager?4. What happens if after all the meetings have been fixed and just before meeting with the client, the local representative falls sick and there is only one local representative, can the meeting proceed with
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		<p>someone else from the Singapore who might not be an appointed representative?</p> <p><u>Internal controls – Complaints handling (Paragraph 4.9(f))</u></p> <p>We have no comments.</p> <p><u>Annual reporting requirements – Auditor’s certification (Paragraph 4.10)</u></p> <p>Could we ask the Authority to consider giving banks the option to have the certification issued by either an internal or external auditor instead of just from an external auditor?</p> <p><u>Annual reporting requirements – Data collection (Paragraph 4.11)</u></p> <p>Could the Authority let us know what type of metrics will be collected and provide FIs with sufficient time to put in place processes to collect such metrics.</p> <p>Feedback pertaining to specific paragraphs in the consultation paper:</p> <p><u>Paragraphs 2.1-2.3</u></p> <p>This arrangement applies to FRCs only as is the case for Para 9 and 11 (SFA and FAA respectively). It has long been a query as to what happens to branches of the same entity. Are branches of the same entity operating in different locations going to be exempt from these requirements or do we apply the same requirements to them?</p> <p>Please clarify how we deal with branches of the same entity but we would respectfully ask the Authority to please exempt branches from these requirements on the basis that branches are one and the same entity as the Singapore entity.</p> <p>Other comments:</p> <p>Nil</p>
7.	RHB Bank Berhad, Singapore Branch	<p>Question 1: MAS seeks comments on the proposed inclusion of Exempt Brokers in the scope of the FRC Framework. (Paragraphs 3.3 to 3.4)</p> <p>Nil</p>

		<p>Question 2: MAS seeks comments on the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework. (Paragraph 3.5)</p> <p>The regulated activity of “<i>Advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product</i>” can be conducted via a presentation to investors in the form of research analyses. Regulation 32C of the Financial Advisers Regulation (“Reg 32C”) only provides for exemption for the entity licensing for foreign research house and is silent on exemption at representative’s licensing level. Given this, a foreign analyst who conducts the regulated activity of “<i>Advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product</i>” via presentations to investors will not be covered under the Reg 32C exemption. Thus, such foreign analyst will be required to be an appointed representative under the FAA in order to give research analyses on an investment product via presentations to investors.</p> <p>We noted however that It is clear from the MAS Guideline FAA-G06 that Individuals providing any financial advisory service for the foreign related corporation under an arrangement approved by the Authority <u>are not representatives as defined in the Act and are therefore not required to be an appointed or provisional representative under the Act</u> (para 5). As such, we would like request the MAS to either (a) clarify that Reg 32C exemption applies to representative’s licensing or (b) include the regulated activity of “<i>Advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product</i>” that are not covered in Reg 32C to be in the exemption framework for cross border business arrangements</p> <p>Question 3: MAS seeks comments on the proposed exclusion of VCFMs from the scope of the FRC Framework. (Paragraph 3.6)</p> <p>Nil</p> <p>Question 4: MAS seeks comments on the notification requirements, boundary conditions and ongoing reporting requirements for the proposed FRC Framework, as set out in paragraph 4 of the consultation paper. Please provide your responses to the various subparagraphs in the corresponding boxes below.</p>
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	<p><u>Notification requirements (Paragraphs 4.3 to 4.4)</u></p> <p>Nil</p> <p><u>Regulatory status of the Singapore Entity (Paragraph 4.5)</u></p> <p>Nil</p> <p><u>Regulatory status of the FRCs (Paragraph 4.6)</u></p> <p>Nil</p> <p><u>Permissible clientele under the arrangements (Paragraphs 4.7 to 4.8)</u></p> <p>Nil</p> <p><u>Internal controls – Record keeping (Paragraph 4.9(a))</u></p> <p>Nil</p> <p><u>Internal controls – Register of Foreign Representatives (Paragraph 4.9(b))</u></p> <p>Nil</p> <p><u>Internal controls – Know-Your-Customer due diligence (Paragraph 4.9(c))</u></p> <p>Nil</p> <p><u>Internal controls – Access to records (Paragraph 4.9(d))</u></p> <p>Nil</p> <p><u>Internal controls – Solicitation by Foreign Representatives (Paragraph 4.9(e))</u></p> <p>Nil</p> <p><u>Internal controls – Complaints handling (Paragraph 4.9(f))</u></p> <p>Nil</p>
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8.	Respondent A	<p>Question 1: MAS seeks comments on the proposed inclusion of Exempt Brokers in the scope of the FRC Framework. (Paragraphs 3.3 to 3.4)</p> <p>Nil</p> <p>Question 2: MAS seeks comments on the proposed exclusion of arrangements involving issuing or promulgating research reports from the scope of the FRC Framework. (Paragraph 3.5)</p> <p>Nil</p> <p>Question 3: MAS seeks comments on the proposed exclusion of VCFMs from the scope of the FRC Framework. (Paragraph 3.6)</p> <p>Nil</p> <p>Question 4: MAS seeks comments on the notification requirements, boundary conditions and ongoing reporting requirements for the proposed FRC Framework, as set out in paragraph 4 of the consultation paper. Please provide your responses to the various subparagraphs in the corresponding boxes below.</p> <p><u>Notification requirements (Paragraphs 4.3 to 4.4)</u></p> <p>We refer to Paragraph 4.4 on the proposed requirement to notify MAS of any material change to the arrangement within 14 days of such a change. We would like to propose</p>

	<p>i. to include the termination of arrangement with FRC (s) as a reportable item; and</p> <p>ii. to remove change in clientele targeted by FRC(s) as a reportable item. The reason is that permissible clientele is already restricted to non-retail customers.</p> <p><u>Regulatory status of the Singapore Entity (Paragraph 4.5)</u></p> <p>The Securities and Futures Act defines product financing as providing any credit facility, advance or loan to facilitate (directly or indirectly) for the subscription, purchase or the continue holding of specified products, where applicable. Specified products include securities, specified securities-based derivatives contracts or units in a collective investment scheme.</p> <p>For the proposed exemptions to product financing and custodial services, we would like to seek clarification on the degree of correlation between the types of capitals markets products offered by the Singapore Capital Markets Licence (“CMSL”) holder and the exemptions. Assuming a FRC is allowed to offer securities financing and custodial services in its jurisdiction, would the exemption be available to the FRC if the Singapore CMSL holder only deals in non-securities based capital markets products, for example, exchange-traded derivatives contracts, over-the-counter derivatives contracts and/or leveraged foreign exchange trading?</p> <p><u>Regulatory status of the FRCs (Paragraph 4.6)</u></p> <p>Nil</p> <p><u>Permissible clientele under the arrangements (Paragraphs 4.7 to 4.8)</u></p> <p>We are supportive of the proposed restrictions to permissible clientele.</p> <p><u>Internal controls – Record keeping (Paragraph 4.9(a))</u></p> <p>Nil</p> <p><u>Internal controls – Register of Foreign Representatives (Paragraph 4.9(b))</u></p> <p>Nil</p>
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	<p><u>Internal controls – Know-Your-Customer due diligence (Paragraph 4.9(c))</u></p> <p>Nil</p> <p><u>Internal controls – Access to records (Paragraph 4.9(d))</u></p> <p>Nil</p> <p><u>Internal controls – Solicitation by Foreign Representatives (Paragraph 4.9(e))</u></p> <p>Nil</p> <p><u>Internal controls – Complaints handling (Paragraph 4.9(f))</u></p> <p>Nil</p> <p><u>Annual reporting requirements – Auditor’s certification (Paragraph 4.10)</u></p> <p>We are supportive of the annual auditor’s certification requirement. We would like to ask the Authority to share the submission time, whether the certification would be submitted together with SF(FMR) Regs* related forms, for example, Auditor’s Report – For A Holder of A Capital Markets Service Licence (Form 5).</p> <p>*Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations</p> <p><u>Annual reporting requirements – Data collection (Paragraph 4.11)</u></p> <p>Nil</p> <p>Feedback pertaining to specific paragraphs in the consultation paper:</p> <p><u>Paragraph 4.9(b)</u></p> <p>For consistency and a level playing field, we would like to propose that the duration of a Foreign Representative to carry out the activity under the arrangement be the same as the duration for a Temporary Representative, which, according to Regulation 3C of the Securities and Futures (Licensing and Conduct of Business) Regulations, (i) should not exceed 3 months for each visit; and</p>
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		(ii) should not in total exceed 6 months within a period of 24 months. Other comments: Nil
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