

# RESPONSE TO FEEDBACK RECEIVED

September 2017

## Response to Feedback Received- Review of Competency Requirements for Representatives Conducting Regulated Activities under the Securities and Futures Act and Financial Advisers Act

MAS

Monetary Authority of Singapore

## Contents

1	Preface .....	3
2	Introduction of Ethics and Skills Contents in the Rules and Regulations Modules .....	3
3	Customisation of Contents for Appointed Representatives to Focus on Job Roles .....	3
4	Streamlining of Securities and Derivatives Exchange Rules Contents .....	5
5	Redesigning of Product Knowledge Modules .....	7
6	Applicability of Revised CMFAS Framework .....	8
7	General Feedback on Revised CMFAS Framework.....	10
8	Continuing Professional Development .....	11
	Annex A .....	14
	Annex B .....	16
	Annex C .....	64
	Annex D .....	66

## **1 Preface**

1.1 On 12 December 2016, MAS issued a consultation paper on Review of Competency Requirements for Representatives Conducting Regulated Activities under the Securities and Futures Act (SFA) and Financial Advisers Act (FAA). The consultation closed on 13 January 2017.

1.2 MAS would like to thank all respondents for their contributions. The list of respondents is in Annex A, and the submissions are set out in Annex B.<sup>1</sup>

1.3 MAS has carefully considered the feedback received, and has incorporated them where we have agreed with the feedback. Comments that are of wider interest, together with MAS' responses, are set out below.

## **2 Introduction of Ethics and Skills Contents in the Rules and Regulations Modules**

2.1 There was broad support for the proposal to introduce ethics and skills to the current CMFAS modules on rules and regulations, to form the Rules, Ethics and Skills (RES) modules. One respondent suggested that the ethics contents for appointed representatives take into consideration those set out in other professions such as accounting, audit and risk management, for greater consistency in professional standards.

### MAS' Response

2.2 MAS will work with the Institute of Banking and Finance (IBF) and Singapore College of Insurance (SCI) to implement the RES modules. This will reinforce the importance of ethics and equip appointed representatives with some understanding of the core processes and skills relevant to their regulatory obligations. For greater consistency in professional standards, MAS will work with IBF/SCI to incorporate relevant content from the industry codes of other professional bodies into the RES modules.

## **3 Customisation of Contents for Appointed Representatives to Focus on Job Roles**

3.1 Respondents generally supported the proposal to customise the RES modules based on job roles rather than by regulated activity. With this proposal, an appointed

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<sup>1</sup> Some names and submissions have been omitted based on a request for confidentiality by respondents.

representative who conducts multiple regulated activities need not take separate full modules for each additional regulated activity that complements his primary regulated activity.

3.2 Two respondents suggested retaining the existing approach so that appointed representatives who do not conduct multiple regulated activities need not study additional contents on ancillary activities which would be incorporated into the RES modules. One respondent suggested offering a combined RES module for representatives who conduct both dealing and advisory activities.

3.3 A few respondents requested that MAS provide more guidance for financial institutions (FIs) to assess the types of RES modules that appointed representatives should take. In particular, respondents sought clarification on the relevant RES modules that are applicable for central dealers in fund management companies who only deal in securities in order to manage positions for the fund management company and its related entities, and do not manage client funds. Respondents also asked about the RES module requirement for appointed representatives of corporate finance advisers who are primarily involved in underwriting and placement of securities rather than provision of advice on corporate finance activities.

### MAS' Response

3.4 The proposed introduction of the RES modules would reduce the number of modules that appointed representatives who engage in multiple regulated activities need to take. This is possible as relevant contents on ancillary activities would be incorporated into the RES modules. For appointed representatives who only conduct a single regulated activity, being exposed to additional content on ancillary activities would provide them with some form of broad-based learning. This would be useful should they decide to expand their job scope to include such ancillary activities in the future, without having to take an additional module subsequently. As contents on ancillary activities do not form a substantive part of the RES modules, appointed representatives need not be overly concerned about having to spend a disproportionate amount of time studying such contents.

3.5 One respondent suggested offering a combined RES module for dealing and advisory activities. We would like to clarify that ancillary contents on dealing in securities would be incorporated into the proposed RES5 module to replace the previous M5 module on provision of financial advice. Similarly, ancillary contents on execution-related advice would be included in the proposed RES1A (for securities exchange member firms) and RES1B (for non-securities exchange member firms) to replace the previous M1A and M1B module on dealing in securities respectively. Combining two sets of core contents on

M5 and M1A/M1B to form a single module would not be practical as the contents would be substantive, and may not be adequately assessed in a single examination sitting without the examination hours being unduly long. On the other hand, reducing the contents of M5 and M1A/M1B to fit into a single module would reduce the rigour of the CMFAS examinations. In this regard, appointed representatives who engage in a fair proportion of both dealing and advisory activities in their own right (i.e. either activity is not incidental to their primary regulated activities) should take both RES5 and RES1A/RES1B modules to ensure that they are adequately equipped to handle both regulated activities.

3.6 MAS will be working with IBF and SCI to provide more clarity on the contents of the respective RES modules, so that FIs and their appointed representatives can better assess the relevant RES modules to take based on their job roles.

3.7 In general, the applicable RES module for a representative should be aligned with the primary regulated activity of his principal company, and the types of regulatory knowledge and skills he should be equipped with to perform his roles effectively. As with appointed representatives who manage funds for clients, central dealers working in fund management companies should take the RES3 module which would include relevant contents on dealing in securities and also allow them to be aware of the regulatory requirements relating to their principal companies. Similarly, appointed representatives of corporate finance advisers who are primarily involved in underwriting and placement of securities instead of provision of advice, should take RES4 which would include contents on underwriting and placement of securities in the context of corporate finance activities.

## **4 Streamlining of Securities and Derivatives Exchange Rules Contents**

4.1 Respondents supported MAS' proposals to streamline the exchange-related modules. First, MAS proposed that exchange-related contents relating to the same type of instruments (e.g. derivatives) which are traded on different exchanges (e.g. SGX-DT, ICE) be streamlined into a common exchange-related module so that an appointed representative who conducts the same regulated activity (e.g. dealing in derivatives) but trades on multiple exchanges would only need to take a single RES module.

4.2 Second, MAS proposed to introduce two add-on exchange modules which cover securities exchange-related and derivatives exchange-related contents respectively. This would provide an appointed representative who moves from a non-exchange member firm to an exchange member firm, with the option to take the add-on modules without having to study again, rules contents that are applicable to non-exchange members, for which he had previously been assessed on.

4.3 One respondent was of the view that it should be left to the respective exchanges to administer their exchange rules-related competency requirements, instead of retaining exchange-related modules under CMFAS. Another respondent proposed that an add-on exchange module be introduced for each approved exchange. Some respondents suggested incorporating contents on rules of overseas exchanges into the CMFAS modules for the purpose of meeting the requirements of overseas exchanges.

4.4 One respondent proposed offering a combined securities and derivatives exchange rules module so that appointed representatives who trade in both securities and derivatives exchanges only need to take a single RES module. In addition, some respondents suggested incorporating the SGX qualifying assessment, which appointed representatives dealing in equity index options may take in lieu of M1A, into the exchange-related modules.

### MAS' Response

4.5 Continuing to centralise the administration of exchange-related modules under the CMFAS framework would be consistent with the intent of streamlining the securities and derivatives exchange rules contents to allow appointed representatives to take fewer examinations. In this regard, IBF would offer a RES module for securities exchange rules (RES1A), and another for derivatives exchange rules (RES2A). Each RES module would equip a securities or derivatives dealer with the requisite knowledge to trade on multiple securities or derivatives exchanges.

4.6 As for the add-on modules, instead of offering only one for trading on securities exchanges and another for derivatives exchanges, MAS will introduce an add-on exchange module for each approved exchange. This will allow appointed representatives to be tested on contents more relevant to them. For example, an appointed representative moving from an exchange member firm of one derivatives exchange to an exchange member firm of another derivatives exchange, would only be required to take contents specific to the exchange that he will be trading on when he change principal companies.

4.7 MAS has looked into the suggestion to combine the securities and derivatives exchange rules modules. In consultation with IBF, we will provide appointed representatives of non-exchange member firms the option of taking a combined RES module on securities and derivatives. As for exchange member firms, IBF would not be offering a combined RES module for now as the demand for such a module is currently assessed to be low, and there is minimal overlap in RES contents for securities and derivatives exchanges.

4.8 In relation to the feedback on incorporating overseas exchange rules contents in the add-on exchange rules modules, MAS would like to clarify that the intent of the CMFAS examinations is to equip appointed representatives with adequate regulatory knowledge to conduct regulated activities in Singapore. In addition, MAS recognises that overseas exchanges may have their own training and competency framework for individuals who trade in the overseas exchanges. In this regard, the contents of CMFAS modules will continue to on MAS' approved exchanges only.

4.9 Under the proposed amendments to the SFA, appointed representatives dealing in options on equity index (e.g. Nifty Options) will be deemed as "dealing in derivatives". These appointed representatives can take either RES1A or RES2A, as contents of the SGX qualifying assessment will be incorporated into RES1A and RES2A. The SGX qualifying assessment will be discontinued upon commencement of the revised CMFAS examinations.

## **5 Redesigning of Product Knowledge Modules**

5.1 Respondents supported the proposal to introduce four additional combined product knowledge modules, although a few respondents expressed concerns that the duration of the examination for the combined product knowledge modules could be too long, in view that a single module may take up to 2 hours currently.

5.2 One respondent suggested offering a combined product knowledge module consisting of all the six basic product knowledge modules. Another respondent suggested splitting M6A into two modules, one to focus on derivatives traded on exchanges and another on over-the-counter (OTC), as it would allow derivatives dealers who only deal in exchange-traded derivatives contracts to study less contents.

### MAS' Response

5.3 MAS will proceed to introduce the four additional combined product knowledge modules to give appointed representatives who wish to deal in multiple products the option to sit for fewer examinations.

5.4 The duration of the examination for each combined product knowledge module will not exceed 3 hours. This is consistent with the duration for examinations such as each session of the Chartered Financial Analysts examination and certain examinations administered by the Association of Certified Chartered Accountants. IBF and SCI will calibrate the difficulty level of the examinations to ensure that the standard and rigour of examinations for the combined product knowledge modules are comparable to that of the underlying modules, taken separately. MAS, in consultation with IBF, considered the

option of offering a combined product knowledge module that consists of all six basic product knowledge modules. However, providing such an option would not be feasible as the amount of contents that could be tested through a single examination, capped at 3 hours, is limited and could compromise the coverage and rigour of the CMFAS module.

5.5 Currently, M6A covers derivatives as a product class, regardless of the markets they are traded in. This will provide appointed representatives with a more comprehensive view of the range of derivatives available, their common and distinct features, as well as their relative risks and benefits. As such knowledge is fundamental to the understanding of derivatives products, we will retain both exchange-traded and OTC derivatives in the same module.

## 6 Applicability of Revised CMFAS Framework

6.1 Respondents supported the proposal to grandfather all existing appointed representatives and individuals dealing in or advising on OTC derivative contracts, and not require them to take the revised CMFAS examinations.

6.2 A few respondents sought clarifications on the grandfathering arrangements for i) appointed representatives who change principals, ii) appointed representatives who have a break in service in the industry, iii) appointed representatives of corporate finance advisers who wish to expand their scope of activities to include underwriting/placement of securities, iv) appointed representatives whose regulated activities will change arising from the proposed SFA amendments, and v) individuals who deal in or advise on OTC derivatives contracts, including direct employees of a Commodity Broker licence holder not licensed under the SFA.

### MAS' Response

6.3 MAS will grandfather the following categories of individuals from the revised CMFAS examinations:

Table 1: Individuals who will be grandfathered from revised CMFAS examinations

Individuals who will be grandfathered	Conditions
Individuals who are already appointed representatives as at the date of commencement of the revised CMFAS examinations	Continue their current roles, with no change in scope of regulated activities.  In this regard, a pure change in name of the regulated activities undertaken due to the SFA amendments, with no

	corresponding change in the scope of regulated activities, will fall under the grandfathering arrangement.
Appointed representatives who change to a new principal company on or after the date of commencement of the revised CMFAS examinations	No change in scope of regulated activities
Former appointed representatives who had conducted regulated activities before the date of commencement of the revised CMFAS examinations	Break in service from the industry is no longer than 3 years
Individuals who are dealing in or advising on OTC derivatives (excluding persons who deal in or advise on OTC derivatives which are already caught under the existing regime (eg. equity derivatives and leveraged foreign exchange)) on the effective date of the revised SFA.	The notifications for such individuals to be appointed representatives should be submitted to MAS during the two-year transition period for OTC derivatives dealers to be licensed. <sup>2</sup>
Individuals who have dealt in or advised on OTC derivatives (excluding persons who deal in or advise on OTC derivatives which are already caught under the existing regime (eg. equity derivatives and leveraged foreign exchange)) prior to the effective date of revised SFA.	These individuals must have dealt in or advised on OTC derivatives within the one year period prior to the effective date of revised SFA.  The notifications for such individuals to be appointed representatives should be submitted to MAS during the two-year transition period for OTC derivatives dealers to be licensed. <sup>2</sup>

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<sup>2</sup> Based on paragraph 6.3 of the “Response to Feedback Received on Regulatory Framework for Intermediaries Dealing in OTC Derivatives Contracts and Marketing of Collective Investment Schemes” (response paper), MAS has decided to give a two year transitional period for existing entities dealing in or advising on OTC derivatives contracts to comply with the licensing and business conduct requirements. The response paper can be accessed via the link: <http://www.mas.gov.sg/~media/MAS/News%20and%20Publications/Consultation%20Papers/Response%20to%20Feedback%20Received%20on%20Intermediaries%20Dealing%20in%20OTC%20Derivatives%20Contracts%20and%20Marketing%20of%20Collective%20Investment%20Scheme%2026%20May%202017.pdf>

Notwithstanding the grandfathering arrangements, FIs have the discretion whether to subject their prospective or appointed representatives to the revised CMFAS examinations.

6.4 For appointed representatives of corporate finance advisers who have already taken the current M4A and wish to expand their scope of activities to include underwriting/placement of securities, they should take RES4 which is customised to the job role of corporate finance advisers and contains contents on underwriting/placement of securities. Appointed representatives of corporate finance advisers who have taken M4B on debt securities but wish to expand their scope of activities beyond debt securities are required to take RES4.

6.5 Besides the grandfathering arrangements, representatives who only serve non-retail customers will not need to take the CMFAS examinations going forward. This is subject to the outcome of MAS' proposal to exempt these representatives from the representative notification framework.<sup>3</sup>

## **7 General Feedback on Revised CMFAS Framework**

7.1 Two respondents suggested giving appointed representatives who fail a particular CMFAS examination the option to be reassessed on those specific sections of that examination that they had failed, instead of re-taking the entire examination to save time and effort. A few respondents sought clarifications on the exemption criteria for the respective CMFAS examinations, as well as the costs and waiting time of the revised CMFAS examinations.

### MAS' Response

7.2 Candidates who fail a CMFAS examination do not fail just because of a particular section of the examination. Rather, they would not have met the requirements set out in various sections of the module, which would suggest that it is equivalent to retaking the entire module. Allowing candidates to re-take specific sections that they had failed instead of the entire module would also not be in line with MAS' intent to enhance the competency of the industry by raising the standard and rigour of the CMFAS examinations. To meet this objective, IBF and SCI will be incorporating higher order thinking questions

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<sup>3</sup> On 25 September 2017, MAS issued a "Consultation Paper on Changes to Notification Requirements in relation to Representatives serving Non-retail Customers" to seek feedback on exempting representatives serving non-retail customers from the notification framework. The consultation will close on 27 October 2017.

(please see Annex C for examples) in the revised CMFAS examinations. Candidates will have to demonstrate their ability to apply and synthesise what they have learnt for various contents under the respective modules.

7.3 MAS would like to clarify that the current exemption lists of the basic product knowledge modules will still apply. The exemption criteria for the combined product knowledge modules CM-CMP (M6 and M6A), CM-CIS (M8 and M8A), and CM-LIP (M9 and M9A) will follow the current exemption criteria for the underlying product knowledge modules. Given that there is no common qualification in the exemption criteria for the basic product knowledge modules in CM-LIC (comprising M8, M8A, M9, and M9A), there will be no exemption criteria for this combined product knowledge module. The list of qualifications that can qualify for exemptions from the combined product knowledge modules are set out in Annex D.

7.4 IBF and SCI will provide administrative details of the revised CMFAS examinations, including the costs and waiting time, in due course.

## **8 Continuing Professional Development**

8.1 MAS had proposed to align the continuing professional development (CPD) training requirements for SFA appointed representatives with the existing requirements for FAA appointed representatives i.e. 30 hours of mandatory structured CPD training annually, of which 4 hours must be on ethics and 8 hours on rules and regulations. While some respondents were supportive of imposing CPD requirements on SFA appointed representatives, most respondents were of the view that a 30-hour requirement was too high. Some respondents suggested not to subject the following categories of SFA appointed representatives to the CPD training requirement:

- SFA appointed representatives in respect of providing credit rating services as they do not provide financial advice to clients and do not hold any client assets;
- SFA appointed representatives serving accredited investors/institutional investors, in line with paragraph 33B of Notice No. FAA-N13, which exempts FAA appointed representatives who confine the performance of financial advisory services in respect of any investment product to accredited investors and institutional investors from CPD requirements;
- SFA appointed representatives who have more specialised roles and narrower job scopes, compared to FAA appointed representatives who advise on a wider range of investment products.

8.2 Some respondents suggested that MAS consider splitting the CPD requirements into different tiers for various groups of SFA appointed representatives, commensurate with the number of years of experience of the appointed representative. Some respondents suggested benchmarking CPD requirements with other jurisdictions such as Hong Kong, Australia and Malaysia. There were also suggestions to align with the Private Banking Code of Conduct.

8.3 A few respondents pointed out the lack of availability of relevant SFA-related courses, while others felt that it would be disruptive to their businesses if the CPD requirements were disproportionately high as compared to other jurisdictions. Some respondents also suggested for MAS to allow in-house training, on-the-job training, online courses, relevant industry conferences and non-accredited courses to fulfil the CPD requirements, given that courses which require accreditation and physical attendance will lead to increased cost and inconvenience for FIs and appointed representatives.

8.4 Majority of respondents agreed with MAS' proposal of not requiring appointed representatives who conduct both SFA and FAA activities to clock additional CPD training hours beyond the existing FAA requirement of 30 hours.

8.5 In terms of the implementation timeline, respondents suggested that MAS provide for a lead time ranging from 6 months to 2 years before the new CPD requirements for SFA appointed representatives come into effect.

### MAS' Response

8.6 In considering the feedback on the proposed CPD requirements for SFA appointed representatives, MAS has reviewed the existing requirements for appointed representatives who conduct financial advisory activities. Since 1 January 2016, FAA appointed representatives are required to meet the following CPD requirements – 4 hours of ethics, 8 hours of rules and regulations, and 18 hours of supplementary CPD hours. The 4 hours of ethics and 8 hours of rules and regulations have to be accredited by IBF or SCI. MAS has received feedback from the financial advisory industry on the overlap in contents for the 12 hours of accredited rules and ethics courses, as well as a lack of variety of CPD courses across the industry.

8.7 Taking into consideration the industry's feedback, MAS will be reducing the accredited CPD training hours for appointed representatives under the FAA from 12 hours to 6 hours. Further, to provide more flexibility for FAA appointed representatives to fulfil these accredited CPD hours, MAS will no longer prescribe a minimum number of hours for ethics or rules and regulations. Instead, the 6 hours of accredited training can be either on rules or ethics, or both. The remaining 24 hours of CPD training can be on structured

training courses that are relevant to the types of financial advisory services provided. The CPD training requirements for FAA appointed representatives are currently set out in CMFAS Notice FAA-N13 and the changes to the CPD requirements will take effect together with other revisions to the Notice in 2018.

8.8 For appointed representatives under the SFA, MAS recognises that there is a diverse range of job roles in the capital markets industry, such as corporate finance advisors, broker-dealers, fund managers, REIT managers and credit rating agencies, with varying standards of training provided. We are cognisant that some FIs will require time to enhance the standards of training for appointed representatives.

8.9 In this regard, MAS will for a start, introduce a total of 9 hours of CPD training requirements for SFA appointed representatives. Among the 9 hours, a minimum of 6 hours will similarly have to be on rules or ethics, based on courses accredited by IBF. The remaining 3 hours can include other relevant courses on product knowledge or skills. Training hours fulfilled under the SGX Continuing Education Programme can also be used to fulfil the remaining 3 hours. The revised requirements take into account practices in other jurisdictions, as well as the need to maintain minimum standards across the industry. In line with the FAA, SFA appointed representatives (including those who provide credit rating services) serving accredited and/or institutional investors will be exempted from CPD requirements.

8.10 The CPD requirement for SFA appointed representatives will take effect on 1 January 2019 so as to give FIs and training service providers more time to get their courses accredited by IBF. MAS will also be working closely with IBF and the industry to increase the availability of quality courses for SFA appointed representatives to fulfil the CPD training requirements.

## **MONETARY AUTHORITY OF SINGAPORE**

25 September 2017

**Annex A**

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON REVIEW OF  
COMPETENCY REQUIREMENTS FOR REPRESENTATIVES CONDUCTING  
REGULATED ACTIVITIES UNDER THE SECURITIES AND FUTURES ACT AND  
FINANCIAL ADVISERS ACT**

1. Association of Independent Asset Managers
2. Capital Governance (S) Pte Ltd
3. CFA Society Singapore Advocacy Committee
4. Eastspring Investments (Singapore) Limited
5. Epitrain Pte Ltd
6. FIL Asset Management Singapore Ltd
7. Fullerton Fund Management Company Ltd
8. fundMyLife
9. Great Eastern Life Assurance Co. Ltd
10. Henderson Global Investors (Singapore) Limited
11. Howden Insurance Brokers (S) Pte Ltd
12. IFPAS Alliance STAR Team
13. Investment Management Association of Singapore
14. Life Insurance Association Singapore
15. Moody's Investors Service Singapore Pte Ltd
16. Securities Association of Singapore
17. Singapore Exchange Ltd
18. Society of Remisiers
19. State Street Bank and Trust Company
20. St. James's Place (Singapore) Private Limited
21. The REIT Association of Singapore
22. WongPartnership LLP

Please refer to Annex B for the submissions.

Note: This list only includes the names of respondents who did not request that their identity be kept confidential.

**Annex B**

**FULL SUBMISSIONS FROM RESPONDENTS TO THE CONSULTATION PAPER ON REVIEW OF COMPETENCY REQUIREMENTS FOR REPRESENTATIVES CONDUCTING REGULATED ACTIVITIES UNDER THE SECURITIES AND FUTURES ACT AND FINANCIAL ADVISERS ACT**

S/N	Respondent	Full Responses from Respondent
1	Association of Independent Asset Managers of Singapore	<p><u>General comments</u></p> <p>In general, AIAM agree with the alignment of competency requirements between representatives of financial advisers ('FAs') and representatives of holders of a capital markets services license ('CMSLs').</p> <p>Under the current structure, the CPD requirements do not apply to any representative who confines the performance of financial advisory services in respect of any investment product to an accredited investor or institutional investor (para. 33B(b) FAA-N13 read in conjunction with para. 24(b)(i)-(ii) FAA-N13). The recent amendments by MAS to its respective notice reconfirmed this understanding.</p> <p>The representatives of most EAMs continue to fall under this exemption. Nonetheless, AIAM is of the opinion that we should align our members to the same continuing professional development requirements as implemented by the Private Banking Code of Conduct. The Private Banking Code of Conduct (in the version updated on 21 November 2016) requires 15 hours of CPD (para. 3.1.2 PBCC). Representatives of financial advisers and exempt financial advisers are required to attend 30 hours of CPD when advising on investment products (other than some specific insurance contracts), 4 hours on ethics, 8 hours in rules and regulations and 18 additional hours (para. 31 FAA-N13).</p> <p>Accordingly, the same grand-fathering and recognition of qualification of seasoned and experienced practitioners who are under EAM employments should be applied as what has been done in the Private Banking sector few years back. EAM front-line staff who conducts similar job roles as PB RMs should be encouraged to take CACS and be recognized the same.</p>

	<p>Regardless of such, AIAM would like to emphasise that the additional CPD costs should be commensurate with the financial ability of the respective EAM member firms size to strike the appropriate balance of training and upgrading the quality of the service and staff competence but not to negatively burden the firm especially taking into consideration of recent years' heavy regulatory costs and increasing manpower and IT infrastructural costs.</p> <p><u>Q1</u> It would be useful to reinforce the positive and correct messages. There are no objections to this proposal.</p> <p>There is merit in segregating ethics from rules and regulation. Ethics go beyond the prescriptions and the sanctions in rules and regulations and should thus not be confused with them.</p> <p><u>Q2</u> (i) Customising the RES module according to job role is preferred as it would be more relevant to the representatives. (ii) We are not aware of any other representatives, other than those identified in Table 2.</p> <p><u>Q3</u> (i) We agree with the introduction of add-on modules as it may not be applicable to some representatives. (ii) We agree because the details of individual exchanges are varied. The focus should be on the principles rather than on the specific rules of the exchanges.</p> <p><u>Q4</u> There are no objections to this proposal.</p> <p><u>Q5</u> We agree because the regulator needs to take into consideration the cost and the impact on all existing appointed representatives by the introduction of this new regime.</p> <p><u>Q6</u> (i) The alignment of the CPD training requirement should also encompass the exemptions offered to FA representatives, including the exemption for representatives exclusively servicing accredited and/or institutional clients.</p>
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		<p>Although client advisory is normally and often incidental to fund management companies ('FMCs'), we support the concept that representatives of EAMs should be encouraged to subject themselves to the same CPD regime as representatives of private banks in the Private Banking Code of Conduct ('PBCC').</p> <p>If CPD training requirements are nonetheless to be regulated for representatives of EAMs, we suggest to allocate CPD hours for FMCs to be in line with the PBCC. Recognised training programs should encompass hours at seminars and specific trainings provided by professionals or professional bodies; it should not be centred only over IBF or SCI. In addition, such costs should be made eligible for claims through FTS.</p> <p>(ii) We agree that it is not necessary for the representative to take on additional CPD training hours beyond the 30-hours requirement for both SFA and FAA activities. The additional value of duplicating the trainings is not justifying the additional cost and the outcome.</p> <p>(iii) A reasonable timeline for implementing CPD requirements will be the next calendar year, 2018. If MAS decides to implement such requirements in 2017, pro-rated requirements should be applied.</p>
2	Capital Governance (S) Pte Ltd	<p><u>Q1</u></p> <p>1.1. Generally, a positive idea.</p> <p>1.2. Ethics training is necessary, though often a subject with few absolutes. It may be useful to cross-reference with the ethics education in adjacent professions such as risk management, audit and accounting, so that there is some basic consistency, rather than another source of potential confusion on ethics.</p> <p>1.3. Skills training imposed as an examination requirement may be challenging, as arguably the world of finance has become more sophisticated both on the buy and sell side. For example, one could argue that with the Balanced Scorecard Framework in place for Financial Advisers, a basic skill is English writing – how does this skill get examined?</p> <p>1.4. Further, how will CMFAS strike the balance between core skills and “new” skills, in a constantly changing world. For</p>

		<p>example, would a securities dealer be required to demonstrate a “new” basic skill in political analysis when in a job of trading for customers in British and European markets given the complex developments surrounding Brexit? There is a myriad of markets and corresponding specialist skills.</p> <p><u>Q2</u> 2.1 (Same comments as 1.3, 1.4)</p> <p><u>Q3</u> 3.1 How may this be helpful also for representatives who operate in foreign markets/exchanges? For example, could CMFAS certification be passported eg. especially into (some of) the major markets?</p> <p><u>Q4</u> 4.1 Excellent. However, this initiative needs to be clearly synchronised with the Representative approval regime, so that this creates the right growth path for the finance sector professionals, rather than become a confusing, cumbersome administrative disconnect between getting the necessary certifications and pursuing the best career options.</p> <p>4.2 How will this refinement also sync with exemptions for those serving certain clientele, and/or having other relevant qualifications.</p> <p><u>Q5</u> 5.1 No comments.</p> <p><u>Q6</u> 6.1 Any effort to reduce/eliminate redundancy is welcome. 6.2 A good time-frame is as soon as possible. However, this exercise can be taken as an evolutionary step, whereby the composition of CPD can start from more accessible training (eg. on the job, specific induction training).</p>
3	CFA Society Singapore Advocacy Committee	<p><u>General comments</u> CFA Society Singapore welcomes the opportunity to participate in the MAS Public Consultation on Review of Competency Requirements for Representatives Conducting Regulated Activities under the Securities and Futures Act and Financial Advisers Act.</p>

		<p>Please note that all feedback is made in our personal capacities as CFA Society Singapore members and do not necessarily represent the views of the organizations where we work.</p> <p>We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us on this feedback or any other issues in future.</p> <p><u>Q1</u></p> <p>We believe that the Singapore financial industry will only be healthy, sustainable and prosperous when financial professionals develop an innate culture that enables them to make decisions and take actions that are both properly informed, ethically aware and technically competent, which means we will be an industry that naturally protects and acts in the best interests of consumers.</p> <p>We know that the vast majority of regulatory enforcements are the result of general technical incompetence, lack of information or ability to correctly interpret and apply information and / or inadequate decision-making capabilities and, as such, standards of competency must address the industry as a whole.</p> <p>Hence, the inclusion of ethics is a major step forward in raising the competency standards of representatives in Singapore and will bring our industry in line with the UK and other major financial centres. We are also pleased to note that MAS/IBF are in the final stages of entering into a licensee agreement with CFA Institute to adopt CFA's Code of Ethics for the ethics curriculum of the RES modules.</p> <p>In our experience, many bad decisions are not made because the person is unethical, but that the individual is put in a situation where he/she is under pressure to act (either through the client or the company) and ends up making the wrong decision. CFA Institute has developed the Identify-Consider-Act-Reflect framework<sup>1</sup> for ethical decision making to help investment professionals analyse and evaluate ethical scenarios where there is not a clear "right" and "wrong" path. CFA Institute has also designed an online ethics course<sup>2</sup> and live webinars using case studies to illustrate real-world ethical situations to illustrate sometimes</p>
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		<p>grey areas and the appropriate response. Financial institutions can choose to utilize this course and webinars to ensure their employees remain aware of their ethical responsibilities.</p> <p>We are in agreement with the inclusion of skills content as it is important to make the modules relevant to practitioners. The skills content should be updated on a regular basis to ensure currency.</p>
4	Eastspring Investments (Singapore) Limited	<p><u>Q1</u></p> <p>We are supportive of MAS' proposal as it will be beneficial to the financial industry for new representatives, who are new entrants into the financial industry, to undertake such modules with ethics and skills contents.</p> <p><u>Q2</u></p> <p>(i) We are supportive of MAS' proposal to customise the RES module according to a representative's job role as this will reduce the number of exam modules to be taken by new representatives, potential cost savings, as well as the total amount of time taken for representatives to complete the CMFAS exams.</p> <p>(ii) With respect to central dealers who carry out the primary activity of Dealing in Securities in fund management companies, we would appreciate MAS' confirmation that such central dealers would be required to take the proposed RES module for broker-dealers instead of the RES module for fund managers. Separately, currently, "Marketing of CIS" is an activity regulated under the FAA. Under the proposed SFA amendments, MAS has proposed to remove the regulated activity of marketing of CIS under the FAA and to regulate dealing in CIS (which includes marketing of CIS) only under the SFA. In addition, MAS proposes to exempt Licensed Fund Management Companies from holding a CMS licence for dealing in securities when marketing CIS which are managed by the fund management companies themselves or their related corporations. In this regard, we would like to seek MAS' confirmation that existing representatives who currently conduct the regulated activity of fund management under the SFA and marketing in CIS under the FAA would not be required to undertake the revised CMFAS RES module 1B (for securities dealers of non-SGX member companies) following the implementation of the revised CMFAS framework.</p>

		<p><u>Q3</u> Nil</p> <p><u>Q4</u> We are supportive of MAS' proposal to allow representatives who wish to deal in multiple products to have the option to take the relevant new combined product knowledge modules, as this would potentially enable representatives to complete their CMFAS exams in a shorter period of time. Further, any potential cost saving from the new combined product modules approach will help minimise operating cost of businesses.</p> <p>Separately, currently, a representative who possesses specified qualifications and experience (such as Chartered Financial Analyst ("CFA"), degree or higher qualification with emphasis on accountancy, business, finance etc) is not required to pass certain modules of the CMFAS exam. We would like to seek MAS' clarifications on whether the current exemptions from passing the CMFAS exam modules would still apply with respect to the proposed combined product knowledge modules.</p> <p>If the current exemptions would continue to apply, we would like to further understand how the exemptions would apply for a combined product knowledge module, given that the exemption criteria for each current product knowledge module may be different.</p> <p>In addition, in the case of an existing representative who is appointed to carry out the regulated activity of dealing in securities, the representative would have passed CMFAS Exam Module 6 and Module 6A. We understand that after the proposed SFA amendments are implemented, such a representative would be carrying out the regulated activity of Dealing in Capital Markets Products in respect of securities/CIS/OTC Derivatives Contracts/Exchange-traded Derivatives Contracts. In this regard, we would like to seek MAS' confirmation that the existing representative would not be required to pass the revised CMFAS Exam Module 6 and Module 6A following the implementation of the revised CMFAS framework.</p>
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		<p><u>Q5</u> We are supportive of MAS' proposal to grandfather all existing appointed representatives, and individuals dealing in or advising on OTC derivatives contracts, from the revised CMFAS exams, as this will minimise disruption to existing representatives.</p> <p><u>Q6</u> We respectfully suggest that MAS not to proceed with the proposal requiring CMS appointed representatives of fund management companies to undergo 30 hours of mandatory structured CPD training annually, based on the following reasons:</p> <ul style="list-style-type: none"><li>• Most fund management companies operate on a Business-to-Business ("B2B") model, i.e. its representatives do not provide services directly to end retail clients.</li><li>• The proposed 30 CPD hours training requirement might reduce Singapore competitiveness as a global financial hub, as the requirement would pose disruptions to business activities due to the additional time and costs to be incurred by CMS licensees and its appointed representatives to fulfil the requirement. For example, based on our understanding, Hong Kong Securities and Futures Commission only requires that a licensed individual must undertake a minimum of 5 Continuous Professional Training ("CPT") hours per calendar year. This would mean that a fund management company that is of a relative size (i.e. has about 100 representatives) would have to incur additional training costs of about S\$350,000 to \$400,000 for its 100 representatives to complete the 25 additional training hours, compared to fund management companies in Hong Kong.</li><li>• Given that the 30 CPD hours requirements was only imposed on FA representatives in 2016, it might be useful for MAS to allow the industry more time for its FA representatives to first comply with this requirement fully and for MAS to study the impact as well as to observe enhancements that can be made to the CPD requirements before imposing the requirements to the SFA representatives as well.</li></ul>
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		<ul style="list-style-type: none"> <li>In addition, with respect to the proposed requirement to complete training of at least 4 hours on ethics and 8 hours on rules and regulations (as part of the 30 CPD hours), it would be restrictive to only consider those training by accredited training providers as qualifying training hours. This is given that most fund management companies regularly conduct internal training, which includes, but not limited to, code of ethics and rules and regulations.</li> </ul> <p>If MAS eventually decides to impose mandatory CPD training hours on CMS appointed representatives of fund management companies, we respectfully suggest that MAS considers a lower number of CPD hours to be imposed as well as to delay the implementation of this requirement.</p>
5	Epitrain Pte Ltd	<p><u>General comments</u></p> <p>This is a timely review of the competency standards for representatives who conduct regulated activities under the SFA and the FAA and we commend MAS for continually reviewing and insisting on stringent professional standards in the Financial Industry. This is crucial to uphold Singapore’s global reputation as a competent and trusted Financial Centre.</p> <p><u>Q1</u></p> <p>We are very encouraged of this proposal to enhance and broaden the scope of the existing rules and regulations curriculum. We share the view that knowledge of rules and regulations alone is insufficient, and in order to groom trustworthy and dependable industry practitioners, there is a pressing need for them to be prepared for ethical considerations of their role in a regulated industry, as well as develop the skills essential to perform their duties and fulfil their obligations to their customers.</p> <p>However, ethics and skills are not easily assessed (as pointed out in 3.4.2 and 3.4.3), and therefore we suggest the use of alternative methods of assessment such as real-time electronic simulations, to overcome this problem.</p> <p>Real-time electronic simulations would provide an accurate assessment of ethical behaviour and mastery of the skills required to be considered competent. Answering a question in written form allows candidates to answer questions in ways they know is expected of them. Simulations test a candidate’s genuine actions, and reflects their true ethical position and skills competencies.</p>

		<p><u>Q2</u></p> <p>(i) A modular framework where a representative has to take a minimum of X modules would be the best approach. It might be helpful if financial institutions have some freedom to customise content according to roles specific to their organization, subject to approval by IBF or an equivalent regulatory body. This will ensure more relevancy of the content learned.</p> <p>(ii) No comments</p> <p><u>Q3</u></p> <p>(i) There certainly should be add-on modules that cover securities exchange-related and derivatives exchange-related contents only, but content should have significant granularity and depth to create specialists in these domains.</p> <p>(ii) We support this suggestion whole-heartedly, as the fundamental principles are the same across exchanges.</p> <p><u>Q4</u></p> <p>No comments.</p> <p><u>Q5</u></p> <p>No comments.</p> <p><u>Q6</u></p> <p>(i) It is very important that the industry as a whole adopts a life-long learning approach, and be regular skilling up their competencies. The industry is constantly inundated with challenging developments, and there is a need to ensure that all industry practitioners, whether in client facing or support functions, develop the ability to react and solve problems effectively and efficiently. This can only happen with continual upgrading of skills, a growth mindset to learning and training approaches that go beyond textbook and powerpoints.</p> <p>(ii) We agree that 30 hours is sufficient even for representatives who conduct both SFA and FAA activities.</p> <p>(iii) A six-month timeline to inform CMS appointed representatives is sufficient, subsequently giving them one year to fulfill their 30 hour CPD requirement.</p>
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6	FIL Investment Management (Singapore) Ltd	<p><u>General comments</u></p> <p>As the MAS is constantly reviewing and introducing new regulatory requirements to address specific areas of concerns, we urge the Authority to also conduct a holistic review of the overall regulatory framework for each specific sub-sector in the financial industry (e.g. fund management industry) to ensure that the costs of compliance do not outweigh the benefits. Such review should take into consideration the profile of the industry participants (e.g. typical headcount and financial resources of a fund management company) to assess their ability to manage the associated compliance costs. This ensures that Singapore will remain a compelling place for businesses to operate in.</p> <p>While the proposals to enhance the competency of appointed representatives may serve some immediate concerns of the MAS, the Authority should not overlook the combined cost of complying with a gamut of new and existing regulatory rules issued by the MAS. For instance, imposing minimum 30 hours of continuing professional development will put additional pressure on businesses, especially in the current slow growth and uncertain economic environment.</p> <p><u>Q1</u></p> <p>At present, employees at fund management companies (“FMCs”) carrying on portfolio management, research, business development, sales, and/or marketing activities are appointed CMS representatives. They would have at least obtained M3 qualification. We would like to highlight that depending on the specific role performed by the individual concerned, not all the ethics, regulations and skills contents conceive by IBF will be applicable to him/her.</p> <p><u>Q2</u></p> <p>As mentioned in our response to Qn. 1, employees at FMCs carrying on portfolio management, research, business development, sales, and/or marketing activities would have at least obtained M3 qualification and are appointed CMS representatives. We would like clarity on the following –</p>
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		<p>a) Would employees at FMCs who market and/or offer CIS products, where the FMC or its related entity is the CIS Operator, only be required to take RES3 for fund manager and not RES1A? A responsible person for a CIS is exempt from holding a CMS licence to deal in securities in respect of his dealing in the units of that CIS.</p> <p>b) Would employees at FMCs who perform central dealing for accounts/funds managed by the FMCs and/or its related entities only be required to take RES3 for fund manager and not RES1A? At present, employees performing central dealing for accounts/funds managed by the FMCs obtained M3 qualification as they are deemed conducting fund management activity while employees performing central dealing for accounts/funds managed by FMCs and related entities obtained M1B qualification as they are deemed dealing in securities. The work involved for these 2 roles is essentially the same and we do not see the relevance for a central dealer to obtain M1B or RES1A. Given that central dealing for accounts/funds managed by related entities is incidental to fund management business and that the associated risk is low, we urge the MAS to reconsider deeming the FMC and its representatives as dealing in securities.</p> <p><u>Q3</u> No comments.</p> <p><u>Q4</u> No comments.</p> <p><u>Q5</u> We agree that the existing appointed representatives be grandfathered from the revised CMFAS as they would already have acquired the requisite knowledge in order to deal in or advice on OTC derivative contracts as part of their current responsibilities.</p> <p><u>Q6</u> We do not agree with the proposal to align the CPD training requirement for CMS appointed representative with FAA appointed representatives for the following reasons:</p>
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		<p>a) There is a vast difference between the target clientele being serviced by CMS appointed representatives and FAA appointed representatives. Unlike FAA appointed representatives, employees of FMCs who are CMS appointed representatives normally do not have any direct interaction with the retail public. For example, the CIS products of a FMC are offered to retail investors through financial intermediaries, which is then responsible for conducting needs-based analysis and suitability checks. Hence, the risk of mis-selling by CMS representatives of a FMC to unsophisticated retail investors is mitigated.</p> <p>b) There is a difference between the calibre of the representatives employed by FMCs, which are CMS licence holders, and the representatives employed by FAA licence holders. Given the nature of their work and the need to interact with professional investors, appointed representatives at FMCs normally have tertiary education and/or have the acquired skills set for their specific role.</p> <p>We note that the minimum 30 hours CPD requirement is relatively new as it was only implemented recently for FAA appointed representatives with effect from 1 January 2016. It is premature at this juncture for the MAS to implement a similar requirement for the CMS industry. We suggest that the MAS first allow some time for the requirement to settle in and then survey the FAAs to understand and address their difficulties.</p> <p>We have concerns on the proposed minimum 30 hours of CPD training for the following reasons:</p> <p>a) They are excessive and disruptive to the business.</p> <p>b) They are disproportionately high when compared to Singapore's nearest competitor, Hong Kong. The Hong Kong Securities and Futures Commission ("SFC") only imposes a minimum of 5 hours of Continuous Professional Training ("CPT") for each regulated activity. In addition, the SFC does not prescribe that the CPT must include contents relating to rules and ethics.</p> <p>c) The MAS seem to suggest that competency can only be achieved in a structured environment (e.g. classroom setting) but overlooked the importance of mentoring and on-the-job training provided by employers to their representatives. In</p>
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		<p>fact, the latter play an important part in raising the competency of the representatives, and they are not easily quantifiable into specific hours.</p> <p>d) The costs of compliance will invariably increase for the CMS licence holder as it now needs to -</p> <ul style="list-style-type: none"> <li>(i) bear the costs arising from the provision of structured training to its representatives; and</li> <li>(ii) track that the representatives are meeting the minimum hours per annum on a continued basis.</li> </ul> <p>We note that out of the proposed minimum 30 hours of CPD, 4 hours shall relate to Ethics and another 8 hours to Rules and Regulations. We are concerned about the disruption to business and the costs associated in sending the representatives to accredited courses/training provided by IBF. Moreover, the structured program conceived by IBF may not be entirely applicable to the specific role performed by the representative at the FMC. There may not be sufficient contents relevant to a representative performing a specific role (e.g. institutional sales) to fill the entire 4 hours and 8 hours of respective ethics and regulation training.</p> <p>The IBF accredited courses may at best provide a broad overview of the ethical and regulatory issues. The representative still has to attend another set of in-house training where he/she will be educated on the specific measures required by his/her employer to mitigate the issues. For instance, each FMC has its own unique set of rules governing personal trading, and gifts and entertainment.</p> <p>We are also not in favour of requiring in-house training to be accredited by IBF for purposes of CPD hours because it would require the CMS licence holder to commit a fair amount of resources (i.e. manpower and costs) to obtain the accreditation for 12 hours' worth of training contents. We also question the value IBF provides through the accreditation process when the training contents are specific to the policy/procedures of a CMS licence holder.</p> <p>While professional development, ethics and rules awareness training are helpful in raising the competency of representatives, the administration of the required CPD hours must be simple and not cause undue disruption to businesses or significantly raise the cost of compliance. The</p>
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		MAS should also not deviate from a principle-based regulatory approach to a prescription-based approach. It should let the industry have the flexibility to determine the minimum hours of CPD necessary given the complexity of the products and/or the clientele its member serve. After all, it is in the interests of a specific financial institution to ensure that its representatives are competent.
7	Fullerton Fund Management Company Ltd	<p><u>Q1</u> Agreed, no further comments.</p> <p><u>Q2</u> (i) Agreed, no further comments. (ii) No comments.</p> <p><u>Q3</u> No comments.</p> <p><u>Q4</u> Agreed, no further comments.</p> <p><u>Q5</u> Agreed, no further comments.</p> <p><u>Q6</u> (i) Will there be any exemptions to the CPD requirement for CMS appointed representatives? For example, under FAA-N13 paragraph 33B, an appointed representative who provides the financial advisory service of marketing of collective investment scheme only are exempted from CPD requirements. (ii) Agreed, no further comments. (iii) Propose to set a timeline of 1 year.</p>
8	fundMyLife	<p><u>General comments</u> fundMyLife proposes that the financial advisers have a public report card.</p> <p>Testing the ethical principles is one thing, but to assess whether the financial advisers practise these principles in real life is another. More specifically, fundMyLife opines that there should be feedback on the financial advisers by clients as well, preferably on an open platform with an API to be accessed by other organisations or platforms.</p> <p>About fundMyLife: fundMyLife is an insurtech platform that connects users to the right financial adviser, based on the users' financial planning questions. Our onboarded financial</p>

		<p>advisers have profiles detailing themselves, and features client reviews as well. Having a centralized platform for financial adviser ratings complements MAS’s regulations, i.e. top-down regulation vs bottoms-up social proofing.</p> <p><u>Q1</u> fundMyLife wholeheartedly agrees with the inclusion of ethics and skills contents into the rules and regulations curriculum. However, fundMyLife reserves a measure of concern over whether advisers will learn these contents as obligation, or as something intrinsically motivated. Regardless, introducing ethics and skills content into the curriculum will preclude errant advisers from feigning ignorance upon infractions, and can serve as due diligence as MAS’ duty to nurture a new generation of ethical advisers.</p> <p><u>Q2</u> Modularisation is always good as it offers flexibility to the representative, and customization would ensure that no one under special circumstances gets left behind. The overlapping of content between modules is useful.</p> <p><u>Q3</u> No comments.</p> <p><u>Q4</u> The combination of product modules is a good idea, but we are concerned that broad-based learning is critical in today’s world – one must possess both breadth of knowledge and depth of expertise to provide maximum value to customers.</p> <p>That said, to combine a few modules into a one would imply that the combined product knowledge modules will be longer and, to a certain extent, more challenging as learners are now tested for more things in a single setting. The alternative would be to reduce the number of subjects tested, but that would make the exam less comprehensive.</p> <p><u>Q5</u> fundMyLife opines that this is a good arrangement, but MAS should provide incentives for grandfathered individuals to partake in the revised CMFAS framework even for individuals who are not changing jobs. The grandfathering might create a divide between pre-revision and post-revision individuals.</p>
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		<p><u>Q6</u> No comments.</p>
9	Great Eastern Life Assurance Co. Ltd	<p><u>Q1</u> Currently, new representatives who are contracted during the calendar year need not fulfil CPD hours (for that calendar year). As such, the introduction of ethics and skills contents in the rules and regulations curriculum is a relevant initiative so that new representatives could be given a good foundation of ethics in the financial industry. This will entail the importance of such as well as the skills needed for this industry.</p> <p><u>Q2</u> i. The proposal to customize the RES module according to the representative's job role is a reasonable move because the RES would be specifically customized for that regulated activity. A representative moving from one regulated activity to another will need to undertake the new RES since the framework he operates under will be different. Not applicable in our industry context. ii. None of these would be applicable in our context.</p> <p><u>Q3</u> Not applicable to our FA representatives.</p> <p><u>Q4</u> This is a flexible proposal as representatives will be able to combine modules and to pass the assessment within their ability to grasp the knowledge. This will cut down time needed to study 2 or even 4 separate individual modules. However, as the consultation paper also mentioned that the rigor of the individual modules would be maintained, MAS should continue to be flexible in allowing the representative to take single product knowledge module as per current practice so that representatives can pass the module at their own pace.</p> <p><u>Q5</u> We agree with the grandfathering suggestion in that only new entrants appointed after the date of implementation of the revised framework will be subjected to the revised CMFAS requirements. For existing appointed representatives, in view of their experience in the financial industry and that they are familiar with the financial landscape they are in, they should only need to take the</p>

		<p>revised CMFAS if they undertake new or additional regulated activities as suggested.</p> <p><u>Q6</u> Not applicable to our FA representatives.</p>
10	Henderson Global Investors (Singapore) Limited	<p><u>General comments</u> Henderson Global Investors (Singapore) Limited (“Henderson”) is in support of the underlying principles and purposes of introducing the proposed new regulatory requirements.</p> <p>In this response paper, Henderson seek to raise our concerns and the potential challenges that are encountered by fund management companies who provides fund management services and product offering to non- accredited investors and institutional investors as defined under the SFA. In addition, we would like to share our perspectives which the Authority may wish to consider when crafting the policy and requirements.</p> <p><u>Q1</u> No comments. Henderson supports the proposed changes. However, we would like to highlight that the proposed changes should not transpire into excessive content, study materials and cost of the module. Furthermore, the existing licensed representatives should be grandfathered into the revised regime.</p> <p><u>Q2</u> On (i), we agree with the proposal.</p> <p>On (ii), currently, our licensed representatives who perform marketing and distribution activities (i.e. activities defined under the FAA) are required to pass both module 3 and module 5. This is because these license representatives engaged in marketing and selling activities for 1) CIS managed by Henderson and 2) CIS managed by Henderson’s related corporations.</p> <p>From a “job role” perspective stated in (i), we would expect the proposed requirements mandate these licensed representatives to only pass module 5 because their job scope would largely falls under the FAA activities (i.e. Marketing in CIS). The content of module 3 would then be</p>

		<p>irrelevant to the core activities of these licensed representatives.</p> <p><u>Q3</u> Henderson agrees with the proposed changes.</p> <p><u>Q4</u> In general, Henderson has no comments on the proposals and we appreciate the intention to reduce the number of examinations. However, we would like to raise our concerns on the inconsistent exemptions that currently apply to M6/M8 and M6A/M8A. For example, working experience can be considered when applying exemption for M6 or M8. However, this is not applicable for M6A and M8A.</p> <p>We would like to stress that when the new CM-CMP modules are introduced it would be helpful to reconcile the difference in the exemptions. Furthermore, we urge the Authority to consider working experience since the purpose of the module is to ensure the appointed representative has adequate and relevant product knowledge.</p> <p>For instance, a dealer, who is currently based in London with more than 20 years of working experience in trading OTC derivative products, relocate to Singapore is required to pass M6A under the current regime. We believe that the required understanding of the capital market products traded by the dealer can be demonstrated by his/her years of working experience. In addition, a fund manager who has 20 years of portfolio management experience would have adequate product knowledge on the capital market products that he/she invests in.</p> <p>Therefore, we would like to suggest to the Authority to consider working experience to be included as an exemption in passing CM-CMP.</p> <p><u>Q5</u> Henderson supports MAS views on grandfathering existing appointed representatives into the revised CMFAS.</p> <p><u>Q6</u> On (i), Henderson agrees with the alignment of the CPD training requirements across CMS and FAA appointed representatives. Having said that, we would like to express</p>
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		<p>our following concerns and view of the CPD requirements under the FAA,</p> <p>a) The number of CPD training hours in total (30 hours etc.) is, in our view, relatively and significantly high. Comparatively to other jurisdictions, for instance Hong Kong, where the required training hours are based on the number of regulated activities and is reasonably mandated as 5 CPT training hours per regulated activity.</p> <p>b) For the core CPD training hours, where only IBF or SCI accredited courses are acceptable, it has posed great challenges because there are limited courses available and the courses are largely irrelevant to the activities of the licensed representatives such as fund management. For instance, it is difficult to identify courses that are relevant and satisfied both “Ethics” and “Rules and Regulations” requirements.</p> <p>c) The courses available and accredited by IBF or SCI are largely workshops that require physical attendance and are conducted in a classroom environment. This increases the inconvenience for the license representatives to attend the courses.</p> <p>Before the new requirements are implemented, we believe that it would be beneficial to market participants and affected fund managers to ensure IBF and SCI are appropriately equipped with the resources and capabilities to provide accreditations to third party training providers in a timely manner and to prevent over-subscriptions to any single workshop which would indicate lack of diversity in the courses available.</p> <p>d) We would like to suggest considering other format of trainings such as external conferences, seminars, online courses and in-house trainings conducted by Legal or Compliance departments. In addition, we take the view that removing the accreditation requirement would essentially provide greater flexibility and selection of courses.</p> <p>e) Given that only IBF or SCI accredited courses would be acceptable for satisfying the Core CPD requirements, this would inevitably and significantly increase our staff training cost.</p>
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		<p>On (ii), Henderson agrees with the proposal. However, should there be differences in the requirements under SFA and FAA, we would appreciate the Authority make clear which requirements prevail or supersedes the other.</p> <p>On (iii), Henderson would suggest to introduce a minimum transition period (i.e. 12 months) similar to the FAA requirements. The affected appointed representatives would require at least 12 months complying with the new requirements under SFA.</p>
11	Howden Insurance Brokers (S) Pte Ltd	<p><u>Q1</u> FA reps are required to attend SCI or IBF accredited courses where 4-hours of Ethics are included as Core CPD hours. Courses that our existing FA reps attended in 2016 included a test with a passing grade of 70% before issuing a certificate of completion was issued. The test was a SCI requirement for such accredited courses carried out by the accredited trainers.</p> <ol style="list-style-type: none"> <li>1) Will there be any grandfathering arrangement for existing FA reps who already the necessary qualifications M5 and M9/M9A (prior to change) and have been in practise without a break in the few years?</li> <li>2) Would the annual Core CPD hours (12 hrs of Rules &amp; Regulations + 4 hours of Ethics) requirements be removed?</li> </ol> <p>On point 1 - MAS should consider an exemption for those who have diligently completed the SCI accredited courses (whereby a test was included) should this regulatory mandatory examination requirements be implemented. Otherwise, the FA reps who have taken such accredited courses will have be re-take another test.</p> <p>On point 2 – If the core annual accredited CPD hours are not removed, we would suggest that a test should not be made compulsory pre-requisite before CPD hours are awarded. Typically, training CPD hours are awarded based on attendance rather than tests with a relatively high passing score.</p> <p><u>Q2</u> No comments.</p>

		<p><u>Q3</u> No comments.</p> <p><u>Q4</u> No comments.</p> <p><u>Q5</u> No comments.</p> <p><u>Q6</u> No comments.</p>
12	IFPAS Alliance STAR Team	<p><u>General comments</u> We are in support of the greater customisation and flexibility offered in this review of the competency requirements. The examination questions should not be application-based as the examinee is not yet a practitioner. Thus, lacks the experience of having applied the knowledge.</p> <p><u>Q1</u> We are agreeable with the proposal.</p> <p><u>Q2</u> (i) Not applicable. (ii) Not applicable.</p> <p><u>Q3</u> (i) Not applicable. (ii) Not applicable.</p> <p><u>Q4</u> We are agreeable with the proposal, with no duplication of content.</p> <p>i) The combined modules exam should not be longer than 3 hours per seating. ii) The CPF scheme, which is more relevant under the product knowledge category, should be tested under M9 and not M5. iii) The HI, which is rather intense on its own, should not be combined with any of the combined modules exam.</p> <p><u>Q5</u> We are agreeable with the proposal.</p>

		<p><u>Q6</u></p> <p>(i) We are agreeable with the proposal. (ii) We are agreeable with the proposal. (iii) One year.</p>
13	Investment Management Association of Singapore	<p><u>General comments</u></p> <p>While we acknowledge the good intentions behind the proposed changes in this consultation paper, we urge the MAS to consider the combined cost of complying with a gamut of new and existing regulatory rules issued by both the MAS and other Singapore regulatory authorities. With slower growth and economic uncertainties in the immediate horizon, we are concerned that some of the proposals (e.g. imposing minimum 30 hours of continuing professional development) in this consultation paper will put significant pressure especially on companies in the fund management industry, which typically comprises of small and medium-sized establishments.</p> <p>In addition, we urge the MAS not to effect the proposed changes in this consultation to the CMFAS framework before changes to the Securities and Futures Act (“SFA”) have been completed. This is to minimise confusion as the changes to the SFA will subsume certain aspects of current Financial Advisers Act (“FAA”) activities under the SFA.</p> <p><u>Q1</u></p> <p>We are generally supportive of the proposal to introduce ethics and skills contents into the rules and regulations curriculum, particularly where the skills module adds value by guiding behaviour and reinforcing the principles behind the regulations. However, we are concerned whether the examination fees would be significantly increased with the proposed expansion of the rules and regulations modules.</p> <p>We would also like to point out that ethics, as an intangible virtue, is hard to evidence. Putting licensed representatives through prescribed training hours on ethics which teaches the “What” and “Why” could be duplicating the existing training framework that they are already subjected to from obtaining professional certifications such as the Chartered Financial Analyst (“CFA”), Certified Public Accountant (“CPA”), or from in-house training providers. The incremental benefits are likely to be negligible.</p>

		<p>Instead, the MAS may consider supplementing the existing practices by enhancing its awareness programme, for example, more press publicity/educating the industry on the its expectation would serve as a constant reminder for license representatives of the need to behave in an ethical manner. With more publicity, there would be more examples that licensed representatives could draw reference from, so as to realign their own moral compasses with the ethical standard deemed acceptable by the MAS.</p> <p>Also, to help facilitate implementation, we suggest that in-house training by the principal company of the licensed representative be recognized. Most global financial institutions (“FIs”) provide ethics training. The topics that are covered include case studies of fiduciary duties, personal trading, insider trading (material non-public information), information barrier/wall, anti-corruption/bribery, gift and entertainment, complaints/whistle blowing, and external communication/sales. E-learning modules would also help as it allows some flexibility in meeting the training requirement. Exemptions should also be provided for license representatives who are registered with recognised professional bodies. These professional bodies, e.g. Institute of Singapore Chartered Accountants (“ISCA”), CFA, etc., tend to prescribe continuous training for ethics.</p> <p>With regards to implementation, each firm is best placed to customise the training to gear the individuals towards developing the skill set for the intended role. The training approach is likely to differ across firms so as to set themselves apart from competitors.</p> <p>Instead of prescribing minimum hours, the MAS could consider to set soft targets by laying out the minimum content on the areas that need to be covered by each of the licensed representatives, who would then match off against the content of the training sessions which they attend to ensure compliance with the minimum expectation. Each fund management company (“FMC”) may have its own customized training programme to upgrade the unique skills of the licensed representatives so as to continuously set themselves apart from the peers.</p>
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		<p><u>Q2</u></p> <p>(i) While we welcome the MAS' proposal to customize the RES module according to a representative's job scope, given the diversity and variation of the job scope in the capital market industry and the set-ups of different organizations, we are concerned about the feasibility of the customisation to cater for the diversification and variation mentioned above.</p> <p>(ii) We would like to clarify whether employees at FMCs who perform central dealing for accounts/funds managed by the FMCs and/or its related entities are only required to take RES3 for fund manager and not RES1A? At present, employees performing central dealing for accounts/funds managed by the FMCs obtain M3 qualification as they are deemed conducting fund management activity, while employees performing central dealing for accounts/funds managed by the FMCs' related entities obtain M1B qualification as they are deemed dealing in securities. The work involved for these 2 roles is essentially the same and we do not see the relevance for a central dealer to obtain M1B or RES1A.</p> <p>In addition, with reference to Q21 of FAQs on the Licensing and Registration of FMCs, individuals who are engaged in activities, such as client servicing and marketing are required to be appointed as representatives, thus having to take M3 and M5. We would like to seek clarification on whether such individuals performing sales or marketing function would only be required to take RES3 and not RES5 under the proposed regime?</p> <p>As representatives who conduct regulated activity for fund management range widely, from portfolio managers ("PM") who construct portfolios and investment analysts who perform research and advisory to dealers and personnel from a multitude of functions, such as business development, marketing, client servicing, the skills required for each of these role are significantly distinct. Thus, we suggest that the MAS further divides the RES module within fund management activities into sub-modules so as to enhance relevance for these different job roles which conduct regulated activity for fund management. For example, there can be different sub-</p>
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		<p>modules for individuals who are involved in the actual portfolio management and individuals who are marketing the fund management services.</p> <p><u>Q3</u> Given that the demarcation between exchange-traded securities and derivative contracts is blurring and that the exchange rules are largely similar for these 2 asset classes, we suggest combining RES1A and RES2A. This will not only broaden the knowledge of the appointed representatives, but also provide the representatives the flexibility to trade on different exchanges without the need to take additional examinations that do not add significant value.</p> <p><u>Q4</u> We are supportive of the MAS' proposal to allow representatives who wish to deal in multiple products to have the option to take the relevant new combined product knowledge modules, as this would potentially enable representatives to complete their CMFAS exams in a shorter period of time. Furthermore, any potential cost saving from the new combined product modules will help minimise operating cost of businesses.</p> <p>As the current exemptions for taking the various modules differ, we would like to request for the MAS to provide further guidance and exemption on the examination requirements for each type of regulated activities to be conducted by the representatives.</p> <p>Regarding appointed representatives who can be afforded exemption for one of the modules within the combined product knowledge module, would it mean that they have to take the non-exempted module separately? Or will the MAS publish a list of criteria for an appointed representative to be exempted from the combined product knowledge modules? For example, for an appointed representative who is exempted from Module 6 but not 6A, would it mean that he does not take CM-CMP but take only Module 6? Or will there be a list of criteria for exemptions from CM-CMP which the MAS will issue?</p> <p><u>Q5</u> We support the proposed grandfathered arrangement. It will not only minimise the potential disruption that may be</p>
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		<p>experienced by the industry, but also recognise the industry experience of the incumbents.</p> <p>We would like to confirm that all exemptions currently allowed in the “Notice on minimum entry and examination requirements for representatives of holders of capital markets services licence and exempt FIs” will still be valid? We suggest for the MAS to formalise the recognition of this grandfathering within the segment “Re-Taking of Rules and Regulations Modules, of the SFA04-N09.</p> <p>It is stated in paragraph 3.8.1 that “existing appointed representatives will only need to take the revised CMFAS if they undertake new or additional regulated activities, or if there is a change in the scope of their regulated activities arising from the SFA amendments”. We would like to clarify if there will be a transitional period granted by the MAS for existing appointed representatives to complete the required exams as a result of the change in the scope of their regulated activities arising from the SFA amendments. We would also like to clarify if these representatives are allowed to continue conducting the existing regulated activities during this transitional period prior to the completion of the required exams.</p> <p><u>Q6</u></p> <p>(i) We are of the view that the requirements to undergo 30 hours of mandatory structured CPD training annually, with 4 hours on ethics and 8 hours on rules and regulations are overly-excessive especially as regulations and ethics will be extensively covered in the RES modules.</p> <p>As a benchmark against other jurisdictions, Hong Kong requires 5 hours of CPD per regulated activity per calendar year. Australia and Japan do not prescribe the number of requisite CPD hours. We believe it is the quality of CPD which is of paramount importance, not the quantity of hours. Hence, as long as key areas have been covered in the CPD training, we propose a reduction from the prescribed 30 hours of training so as to be more in line with regional peers. The proposed 30 CPD hours training requirement may reduce Singapore competitiveness as a global financial hub, as the requirement would pose disruptions to business activities due to the additional time and costs to be incurred by CMS licensees and their</p>
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		<p>appointed representatives to fulfil the requirement. This would mean that a FMC that is of a relative size (about 100 representatives) would have to incur additional training costs of about S\$350,000 to \$400,000 for its 100 representatives to complete the 25 additional training hours, compared to FMCs in Hong Kong.</p> <p>We also urge the MAS to consider exempting CMS appointed representatives of FMCs. There is a vast difference between the target clientele being serviced by CMS appointed representatives and FAA appointed representatives. Unlike FAA appointed representatives, employees of FMCs who are CMS appointed representatives normally do not have any direct interaction with the retail public. For example, collective investment schemes (“CIS”) offered by a FMC to retail investors through financial intermediaries, which are then responsible for conducting needs-based analysis and suitability checks. Hence, the risk of mis-selling by CMS representatives of a FMC to unsophisticated retail investors is mitigated.</p> <p>Additionally, PMs managing CIS which may be sold to retail investors should also be exempted. This is because there is no difference when it comes to managing a retail CIS and managing mandates for retail clients – all have to be treated equally and managed in accordance with the investment objectives, guidelines and restrictions documented in investment management agreements or prospectuses.</p> <p>It would be very encouraging if the MAS could consider in-house trainings to be qualified as CPD training. FMCs provide periodical in-house compliance-related trainings to their employees, as well as trainings relating to ethics, which typically cover topics such as the company’s code of ethics and business conduct, personal dealing, anti-bribery and corruption, anti-pay-to-play, prevention of conflict of interest, insider-trading prevention. The in-house-trainings relating to regulations cover topics including anti-money laundering and countering of financing of terrorism, Foreign Account Tax Compliance Act (“FATCA”), Personal Data Protection Act (“PDPA”) and other pertinent topics. Usually, these trainings are conducted on computer using in-house customised</p>
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		<p>training slides or off-the-shelf vendor-developed materials. The duration of these trainings typically ranges between 6 and 10 hours per annum.</p> <p>(ii) We welcome the proposal to not require appointed representatives who conduct both SFA and FAA activities to take on additional CPD training hours beyond the 30-hour requirement.</p> <p>(iii) The implementation timeline should be dependent on the availability of the courses that the MAS considered as “structured” CPD hours. When the CPD hours was implemented last year under the FAA, there was a shortage of the available courses that were accredited by the Institute of Banking and Finance (“IBF”). Thus, it is important that the MAS takes into account the timeline to have such relevant courses accredited and available so that appointed representatives will have sufficient time to complete the required courses.</p> <p>Given that the 30-CPD-hours requirement was only imposed on financial advisory (“FA”) representatives in 2016, it would be very helpful to allow the industry more time for its FA representatives to first comply with this requirement fully, and for the MAS to study the impacts, as well as to observe enhancements that can be made to the CPD requirement before imposing the requirement to the SFA representatives.</p> <p>If this proposal is implemented, we propose that the MAS gives a transition period of at least 12-months for the CMS license holders to comply with the new CPD requirements.</p>
14	Life Insurance Association Singapore	<p><u>Q1</u>  <b>AIA:</b> We welcome that but needs clarification on the new curriculum, cost of exam, and the testing format on skills portion.</p> <p><b>Great Eastern Life:</b> Currently new representatives who are contracted during the calendar year do not need to fulfil CPD hours for that calendar year. As such, the introduction of ethics and skills contents into the rules and regulations curriculum is a relevant initiative so that new representatives could be given a good foundation of ethics in the financial</p>

		<p>industry entails, the importance of such as well as the skills needed for this industry.</p> <p><b>Manulife:</b> It is good to have these modules introduced. However, there is a need to ensure the volume of contents and the testing of these contents are not too overwhelming for the potential representatives.</p> <p><b>Prudential:</b> We support the approach to include ethics and skills contents into rules and regulations curriculum. The skills component is to remain generic. We would like to clarify:</p> <ul style="list-style-type: none"> <li>• How will the skills component be assessed? We propose to maintain the current MCQ format.</li> </ul> <p><b>Tokio Marine Life:</b> It is timely to introduce ethics into the rules and regulations curriculum as customers are taking ethical business behaviours more seriously after the post 2008 Global Financial Crisis.</p> <p><u>Q2</u> <b>AIA:</b></p> <p>(i) We welcome that clarity for the role that the Rep holds.</p> <p><b>Great Eastern Life:</b></p> <p>(i) The proposal to customize the RES module according to the representative’s job role is a reasonable move because the RES would be specifically customized for that regulated activity. A representative moving from one regulated activity to another will need to undertake the new RES since the framework he operates under would be different. Not applicable in our industry context.</p> <p>(ii) None of these would be applicable in our context.</p> <p><b>Manulife:</b></p> <p>(i) This is good as provides clarity and ease if a representative’s job role comprises more than one regulated activities.</p> <p>(ii) No</p> <p><b>Tokio Marine Life:</b></p> <p>(i) This will better equip Reps to meet their job performance expectations.</p>
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		<p><u>Q3</u>  <b>Great Eastern Life:</b> Not applicable to our FA representatives.</p> <p><u>Q4</u>  <b>AIA:</b> We welcome the option of a combined module for those that are ready while retaining the current option for the rest. We suppose that the two tests should be different in terms of content testing while test duration should be similar.</p> <p><b>Great Eastern Life:</b> This is a flexible proposal as representatives will be able to combine modules and to pass the assessment within their ability to grasp the knowledge. This would cut down time needed to study 2 or even 4 separate individual modules. However, as the consultation paper also mentioned that the rigor of the individual modules would be maintained, MAS should continue to be flexible in allowing the representative to take single product knowledge module as per current practice so that representatives can pass the module at their own pace.</p> <p><b>HSBC Insurance:</b> <i>With reference to Paragraph 3.7.7 “...This however, does not mean that taking the combined modules would be easier than taking the underlying modules separately. MAS will be working with IBF and SCI to ensure that the standard of the combined modules will be as rigorous as the individual modules. Introducing the combined modules also encourages more broad-based learning as appointed representatives can learn about other products, and provide more product options to customers.”</i></p> <p>If the intention is as mentioned in the paragraph above to encourage broad-based learning, improving standards then it does not seem logical to have the option of separate and the combined modules. The outcome of combined and separate may not lead to same desired outcome.</p> <p>It is also possible to argue that to do the modules separately allows the students to appreciate the material better, i.e. adult learning in bit sizes.</p> <p><b>Manulife:</b> This is good as it provides flexibility. However, there is a concern of how effective it may be if a combination of up to four modules are to be tested at one sitting, given the pass rate for a single module is not high.</p>
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		<p><b>Prudential:</b> Introduction of 4 new combined product knowledge modules</p> <ul style="list-style-type: none"> <li>• We are of the view that the impact is minimal as based on the proposal; several options are available to the candidates.</li> <li>• A key consideration is the capacity of SCI to offer both combined and individual modules. Will that translate to longer waiting time for each sitting?</li> <li>• SCI must maintain the current offering of individual M8, M8A, M9, M9A modules because of exemptions.</li> </ul> <p><b>Tokio Marine Life:</b> Completing CMFAS product knowledge exams in fewer sittings is definitely welcomed as it should shorten the time needed for a person to enter the industry or embark on a new job role. However, the combined modules should not be simply merging the content of 2 or more text books or it will be seen as doing 2 or more separate modules in one exam sitting. Careful design and development of the reference materials is crucial in achieving both efficiency, competencies acquisition and assessment.</p> <p><u>Q5</u></p> <p><b>Great Eastern Life:</b> We agree with the grandfathering suggestion in that only new entrants appointed after the date of implementation of the revised framework will be subject to the revised CMFAS requirements. For existing appointed representatives, in view of their experience in the financial industry and that they are familiar with the financial landscape they are in, they should only need to take the revised CMFAS if they undertake new or additional regulated activities as suggested.</p> <p><u>Q6</u></p> <p><b>AIA:</b></p> <ul style="list-style-type: none"> <li>(i) Yes</li> <li>(ii) Yes</li> <li>(iii) It will be ideal if we could start at the next calendar year.</li> </ul> <p><b>Great Eastern Life:</b> Not applicable to our FA representatives.</p> <p><b>NTUC Income:</b></p> <ol style="list-style-type: none"> <li>1. Given that IBF is already a listed accreditation body for FAA requirements purposes, will IBF continue to be the accreditation body for CMS side of requirements? Will</li> </ol>
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		<p>there be other accreditation bodies other than IBF for core CPD hours?</p> <p>2. Will there be training service providers identified for core CPD hours for CMS representatives?</p> <p>3. Will there be different supplemental CPD hours requirements for different types of regulated activities?</p> <p>4. Considering the implementation costs involved and the number of upcoming regulatory changes, we hope that MAS can re-consider whether if 30 hours is necessary and also to consider staggering such implementation.</p>
15	Moody's Investors Service Singapore Pte Ltd	<p><u>General comments</u> MIS has focused our comments on Question 6(i) of this Consultation Paper. Please see below.</p> <p><u>Q1</u> No comments.</p> <p><u>Q2</u> No comments.</p> <p><u>Q3</u> No comments.</p> <p><u>Q4</u> No comments.</p> <p><u>Q5</u> No comments.</p> <p><u>Q6</u> MIS agrees with MAS on the need to ensure the quality of training for CMS appointed representatives so they have the required capability to effectively perform their role and functions. MIS requires its rating analysts to undergo CPD training on a regular basis in order to update their skills and knowledge relevant to their position. However, we have concerns about achieving this aim by proposing to mandate the 30-hour CPD training (including 4 hours of ethics training and 8 hours on rules and regulation) currently required for FAA representatives on CMS appointed representatives, for the following reasons:</p> <p><b>1. CRA analysts are not financial advisers</b> It would appear that the training requirements for credit rating agencies ("CRAs") are drawn from the regulatory</p>

		<p>framework for other market participants in the capital markets who owe a fiduciary duty to their clients on receipt of funds, specifically financial advisers. A CRA is an opinion provider in the market and is not a financial adviser. The FAA training requirements were made in the context of primarily safeguarding the interests of retail clients, and simply extending the training requirement to CMS representatives is unnecessary given the role of CRAs in the capital markets. CRAs assign credit ratings that are only intended as a credit assessment tool for market professionals. Credit ratings are not intended as a basis for retail clients to make an investment decision.</p> <p><b>2. Substance rather than hours for Ethics and Regulation training</b></p> <p>Whilst MIS fully supports the need for CMS appointed representatives to be fit and proper and receive the relevant training, we consider the proposal for a 4 hour ethics and 8 hour rules &amp; regulation training component as arbitrary in the application of hours required. CMS licence holders are already required to show they have training in place to fulfil the fit and proper criteria for their representatives and MIS believes it is the substance of the training and the compliance controls in place which matters, rather than the volume of training hours.</p> <p><b>3. Consistency with other jurisdictions</b></p> <p>A number of jurisdictions in which MIS operates adopt a principles-based approach to the training of analysts.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• The Australian Securities and Investments Commission (“ASIC”) does not have specific training standards for CRA analysts, although financial services licensees must still ensure representatives are trained and competent to perform their role.<sup>1</sup></li> <li>• In the European Union, rating analysts are required to “have appropriate knowledge and experience for the duties assigned”.<sup>2</sup></li> <li>• The U.S. Securities and Exchange Commission (“SEC”) requires Nationally Recognized Statistical Rating Organizations (“NRSROs”) to “establish, maintain, enforce, and document standards of training, experience,</li> </ul>
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		<p>and competence for the individuals it employs to participate in the determination of credit ratings...”.<sup>3</sup></p> <p>In jurisdictions adopting a rules-based approach for CRAs, such as in Hong Kong, the minimum requirements are lower than those proposed by the MAS. The Securities and Futures Commission requires a minimum of 5 continuous professional training hours per regulated activity per year for financial intermediaries (including those providing credit rating services) under the same competence group.</p> <p>For the reasons in our cover letter and for those listed above, we would request that the MAS retains its current approach to analyst training requirements.</p> <p>-----</p> <p>1 See paragraph RG 104.79 of the ASIC Regulatory Guide 104: Licensing: Meeting the general obligations. More broadly, section 912A of the <i>Corporations Act 2001</i> requires a financial services licensee to “ensure that its representatives are adequately trained, and are competent, to provide those financial services”.</p> <p>2 Article 7(1) of the CRA Regulation.</p> <p>3 SEC Rule 17g-9 requires that NRSROs consider several specific factors when establishing standards of training, experience and competence for credit rating analysts, SEC Rule 17g-9 also requires NRSROs to periodically test credit rating analysts on their knowledge of the procedures and methodologies used by the NRSRO to determine credit ratings in the classes and subclasses of credit ratings for which the individual participates in determining credit ratings.</p> <p>4 See SFC’s continuous professional training for licensing of intermediaries: <a href="http://www.sfc.hk/web/EN/regulatory-functions/intermediaries/licensing/continuous-professional-training-requirements.html">http://www.sfc.hk/web/EN/regulatory-functions/intermediaries/licensing/continuous-professional-training-requirements.html</a></p>
16	Singapore Exchange Ltd	<p><u>Q1</u> No comments.</p> <p><u>Q2</u> No comments.</p>

		<p><u>Q3</u> No comments.</p> <p><u>Q4</u> No comments.</p> <p><u>Q5</u> No comments.</p> <p><u>Q6</u> (i) SGX supports the principle of MAS’s proposal to introduce a more structured CPD training framework for CMS appointed representatives to ensure consistency in the quality of CPD training. However, we think that the quality of training need not be achieved via a 30-hour training requirement, which seems rather onerous and out of line with practices of other markets. Instead, we suggest that CMS appointed representatives be required to undergo 12 hours of skills-related CPD training (excluding any mandated training on regulations, such as AML and CFT training consistent with current CEP requirements), and the 12-hour requirement be phased-in incrementally, as set out in our response to (iii).</p> <p>Our suggestion for 12 hours of skills-related CPD training is generally in line with continuous professional training requirements for stock broking representatives in other reference markets. For example, an Australian Financial Services licence holder is required to undergo 20 hours of training annually, out of which a minimum of 8 hours must be on regulation and compliance. For Malaysia, a Capital Markets &amp; Services Representative’s licence holder is required to undergo a minimum of 12 hours of continuing professional education each year.<sup>1</sup></p> <p>In Hong Kong, a licensed representative is required to undergo at least 5 hours of continuous professional training for each type of regulated activity.</p> <p>SGX currently requires trading representatives (“<b>TRs</b>”) to undergo continuing education requirements under the Continuing Education Programme (“<b>CEP</b>”). The objective of the CEP framework is to ensure continuous skill upgrading beyond regulatory requirements.</p>
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		<p>Training conducted as part of the mandatory requirements under the Securities and Futures Act (Cap. 289) and its subsidiary legislation and notices (such as the AML and CFT training required under MAS Notice SFA04-N02) do not count towards CEP fulfilment.</p> <p>The number of CEP training hours required depends on the TRs' continuous length of registration with the Exchange as at 31 December of the preceding year. TRs who have been continuously registered with the Exchange for less than 48 months as at the end of the preceding calendar year are required to obtain a minimum of 6 CEP training hours in the current calendar year.</p> <p>TRs who have been continuously registered for 48 months or more as at the end of the preceding calendar year are required to obtain a minimum of 3 CEP training hours in the current calendar year.<sup>2</sup> While not in the scope of this consult, SGX would like to request that MAS consider allowing the criteria for determination of CPD eligibility programmes to be broad-based and industry-led without it being administratively burdensome. For clarity and transparency, if MAS were to proceed with implementing incremental CPD requirements, SGX will likely subsume the current CEP requirements within any CPD requirements such that only the greater of the two requirements would apply and they are not additive.</p> <p>(ii) We have no comments on this.</p> <p>(iii) If MAS were to proceed with implementing any incremental CPD requirements, SGX would strongly suggest that the incremental hours be phased in over a period of time to allow for less disruptive adoption by the TRs and lighter burden of administration by the brokers. We suggest that the 12-hour requirement (as an illustration) be phased-in incrementally such that for the first year of implementation, less experienced<sup>3</sup> CMS appointed representatives be required to undergo 6 hours of CPD training and more experienced<sup>4</sup> CMS appointed representatives be required to undergo 3 hours of CPD training. Thereafter, the number of hours is to increase by 3 for each subsequent year, up to 12 hours, as follows:</p>
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		No. of continuous months the representative has been acting as a CMS appointed representative	Year of Implementation (Y)	Y+1	Y+2	Y+3
		Less than 48 months as at the end of the preceding calendar year	6	9	12	12
		48 months or more as at the end of the preceding calendar year	3	6	9	12
		<p>We believe this phase-in approach will allow the industry time to appropriately adjust to the new CPD requirements.</p> <p>-----</p> <p><sup>1</sup> Malaysia requires a Capital Markets &amp; Services Representative licence holder to accumulate 20 continuing professional education (“CPE”) points in a year. 5 CPE points is awarded for a half-day course (3 hours and above), while 10 CPE points is awarded for courses that last a day or more (6 hours and above). This translates to a minimum of 12 hours.</p> <p><sup>2</sup> To be regarded as “continuous”, the duration must not include any break of service of more than 3 months at any one time.</p> <p><sup>3</sup> I.e. Representatives who have been continuously acting as a CMS appointed representative for less than 48 months as at the end of the preceding calendar year.</p> <p><sup>4</sup> I.e. Representatives who have been continuously acting as a CMS appointed representative for 48 months or more as at the end of the preceding calendar year.</p>				
17	Society of Remisiers	<p><u>Q1</u></p> <p>Whilst we generally welcome and support the objectives behind this initiative, of customizing the contents for appointed representatives to focus on job roles, we are not in favour of the proposal to introduce the ethics and skills contents into the rules and regulation curriculum. It blurs the classification and creates unnecessary confusion. It would be better to have the i) rules and regulation, ii) ethics and iii) skills as separate component and unadulterated.</p>				

		<p>The guiding principles of raising the competency of appointed Trading Representatives (TRs), building a culture of high ethical standards and offering greater customization and flexibility to fulfil the competency requirements for the regulated activity under the new CMFAS curriculum is commendable.</p> <p><u>Q2</u></p> <p>(i) We welcome and support the proposal to customize the RES module according to a representative's job role.</p> <p>For new TRs, they would certainly benefit from the proposed customization (i.e. by combining several niche modules under the current CMFAS framework into a RES module) according to the TRs job-role of a regulated activity. It is certainly a step in the right direction and long overdue. Such streamlining would also eradicate any duplication arising from the TRs having to take several overlapping modules under the current CMFAS framework.</p> <p>However, the individual niche modules still have its relevance and place as a stand-alone module for existing TRs wishing to enlarge their job-roles into new areas. It allows the TRs to take the relevant module that focuses on that particular regulated activity, either as another RES module or add-on. If anything, this upgrade arrangement should complement the TRs working experience nicely.</p> <p>(ii) The proposals made in table 2 under items (1) and (2) pertaining to TRs is logical as the job scope for most are focused on one primary regulated activity.</p> <p>For the relatively few who wish to undertake additional job scope, over and above of the primary regulated activity (which is securities trading), the prerequisite add-on or additional RES module that they need to procure should aptly address their individual needs. It would be especially appreciated if it is designed for practical application.</p> <p><b><u>Execution-related Advice (ERA):-</u></b></p> <p>As an aside and further to our earlier response to MAS Consultation Paper in relations to ERA, since the new</p>
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		<p>customized RES module covers ERA (either under the rules and / or ethics component), we hope the issue of providing an "acceptable rationale" could be better defined under the ethics and / or rules and regulation component. Perhaps, through a Practice Note for better clarity.</p> <p>Whilst we appreciate and understand the concerns of MAS, it is regretted that expressions of a personal nature may not qualify as an acceptable rationale. If allowed, this would be consistent with the Caveat Emptor rule applicable to investors buying IPOs, since clients are similarly put on notice of the source and nature of the advice up-front. Besides, recording of spontaneous advice given verbally, say after a face to face meeting, is also not practical. Furthermore, it is open to discrepancy in memory recall between the client and his TR.</p> <p>On a separate note, clients who trade on-line enjoy special brokerage rates because they do all the work of inputting and take responsibility for the correctness of their orders themselves, without troubling their TRs for advice. For such clients who seek advice from their TRs first but subsequently trade on-line, can they still cry foul since they should not have bother their TRs in the first place for any advice?</p> <p><u>Q3</u></p> <p>(i) We welcome and support the introduction of add-on modules which cover securities exchange-related and derivatives exchange-related contents.</p> <p>Notwithstanding it entails two different exchanges (namely the securities and the derivatives exchange), any overlapping regulated activity between them should be addressed as one. Contents for <b>add-on modules</b> should be focus and tailored to a specific regulated activity for the few who wish to undertake this specific add-on job scope. On the other hand, contents for <b>RES module</b> should be tailored to a general regulated activity undertaken by the masses.</p> <p>(ii) The intention to combine and streamline into one RES module to cover common principle-based exchange rules for TRs trading on multiple exchanges is sensible and we support this move.</p>
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		<p><u>Q4</u> We welcome and support this proposal to introduce new combined product knowledge modules, which cover a wider range of investment products, that would offer the option to complete the CMFAS product knowledge examinations in less sittings for new TRs.</p> <p>However, for existing TRs who wish to upgrade their knowledge skill on specific product(s) beyond the primary regulated activity in order to handle their clients' investment/ trading needs for a particular niche markets, these TRs should still have the option to select on an add-on module-specific basis.</p> <p><u>Q5</u> We support the proposal to grandfather all existing appointed representatives and individuals dealing in or advising on OTC derivative contracts from the revised CMFAS as set out in paragraph 3.8.1.</p> <p><u>Q6</u> (i) The proposal to align the CPD training requirement is sensible, in so far as it is role-based and provided it embraces the specific mutual activity that both camps need to know and have.</p> <p>However, we do not agree with MAS's bench-marking of TRs' training hours to FAA appointed representatives (FATRs) for the following "key" reasons:-</p> <p><b><u>1) Nature of Roles, Responsibility and Business</u></b></p> <p>a) The main role of TRs is order taking, execution and providing limited advice. It is therefore inappropriate to group or compare TRs with FATRs as their roles, responsibilities, scope and nature of businesses are markedly different. The CPD hours required for TRs should commensurate and reflect this difference.</p> <p>b) It is more appropriate to bench-mark such training hours with TRs in a similar industry, such as our counterpart of our neighbouring Stock Exchanges:-</p> <p><b><u>For TRs dealing in securities - as the primary regulated activity (as we understand):-</u></b></p>
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<u>STOCK EXCHANGES</u>	<u>TRAINING HOURS</u>	<u>ADDITIONAL TRAINING</u>	<u>REMARKS</u>
Malaysia	12 hours CPE		Continuing Professional Education (or CPE) and Continuing Professional Training (or CPT) are the equivalent to our Continuing Education Program (or CEP)
Hong Kong	5 hours CPT		CPT for securities : 5 hours
Singapore	3 or 6 hours CEP (now called CPD)	AML (over and above the CPD training)	TRs with 48 months or more experience in the industry: 3 hours (others 6 hours). This excludes AML, which is another 3 hours (or less).  Total hours: up to 6 hours. This is comparable to the CPT hours of Hong Kong.

c) It is an over-kill to raise the CPD hours (to be in line with the 30 hours for FATRs) for the above reasons and given our TRs are already continuously updating their knowledge of the stock market, listed companies by doing primary research themselves or secondary research through analysts report, in an ever changing dynamic market on a daily or regular basis.

**II) Cost of Training:-**

<u>FOR TRs</u>	<u>FOR FATRs</u>	<u>REMARKS</u>
<b>Presently:</b> Borne by broking firms - with subsidy from IBF for approved CEP programs Borne by TRs - only for additional CEP(s)	<b>Presently:</b> Borne by product suppliers e.g. insurance and unit trust companies	For FATRs - they do not pay for their training.  For TRs - it would not be far fetch to say that they would end up paying for the additional CEP, either directly or indirectly.

		<p><b>Proposed increased:</b></p> <p>e) As additional time and resources would be required to meet the proposed increased in training hours, this would result in higher compliance and training cost to the broking firms.</p> <p>f) This higher cost would most likely be passed on to TRs, whether directly or indirectly (by way of higher performance quota in terms of minimum brokerage required).</p>	<p>CPD should not be unduly onerous and burdensome to both the broking firms and TRs.</p> <p>Cost (for the additional training) is a very sensitive issue when it does not translate or commensurate with any increase in revenue for the broking houses and income for the TRs.</p> <p>The proposal to increase CPD training hours has ramification(s) and this should be considered to avoid a potential backlash.</p>
		<p><b>Note:</b> Although Private Bankers have a wider role, scope and responsibility, they too do less training hours - only 15 CPD hours. Moreover, as their clients are primarily of high net-worth class, their clients' expectations are also correspondingly higher.</p> <p><b>Potential Ramification for item (f):-</b> Our local stock market has been in the doldrums for a protracted period, for what we feel are primarily structural and competition related issues, amongst others. There do not appear to be any meaningful recovery forthcoming and the future looks dim. The implications for the TRs and broking firms are as follows:-</p> <p><b>On Affordability:</b> Any added cost to TRs and broking houses will harm their already bad financial situation and it will give rise to an added de-motivating factor.</p> <p><b>For TRs -</b> For most, their brokerage income has dropped to about a tenth of what they use to earn in their hey days and it continues to stagnate or fall unabatedly for many. This has taken a severe toll on them as they struggle to make ends meet. Any additional cost incurred, arising from having more training hours, will further strain their finances at the seams.</p>	

		<p><b>For Broking firms</b> - They are in the same shoes as TRs. Their revenues from securities trading are very low and many have resorted to various measures to cut cost or pep up their income to stay afloat - such as withdrawing perks after perks from TRs, cutting back on office expenditures, diversifying into other products and markets etc., even in areas where they do not have a comparative advantage. There are already murmurs of potential retrenchment from staff themselves, who believe it will take place this year. Such retrenchment was unheard of before and it is a reflection of the dire state of the stock broking industry in Singapore.</p> <p><b><u>On Resignation:</u></b></p> <p>As it stands, a significant percentage (about 40% of the TRs, a rough estimate from its peak) of the TRs percentage have left the industry as it is no longer attractive as a viable career. Those younger and mobile TRs have left for jobs that were unthinkable in the past, such as taxi drivers that appear to be surprisingly more lucrative as they earn more. The rest have retired permanently. This is a sad state of affairs given that many TRs are highly educated and heavily experienced.</p> <p>For those still in the industry, if faced with a higher performance quota (indirect passing of cost) or having to personally bear the cost (direct) for the additional CPD training, this will be an added catalyst that will drive more TRs to leave. Invariably, it will result in only a skeletal force remaining to service the clients / investors. This can only be detrimental for the industry.</p> <p><b><u>SRS suggestion:</u></b></p> <p>Going forward, as a suggestion: i) <b>on an annual basis</b> - maintain the present 3 / 6 hours for topics related to skills or knowledge component and ii) <b>on a biannual basis (i.e. once every 2 years)</b> - have ethics or rules and regulation component or AML.</p> <p>(ii) Yes, agreed. Otherwise, it will be too onerous on FATRs and it takes time away from properly servicing their clients.</p> <p>For TRs, even 30 hours is way too much given the</p>
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		<p>different role(s) of TRs compared to a FATRs (see answer to question 6 (i) above). Hence, we are appealing for the existing CEP hours remain at status quo under the new regime of CPD (see answer to question 6 (iii) below).</p> <p>(iii) We note that the CPD replaces the Continuing Education Program (CEP) for CMS appointed representatives, including TRs, going forward. In response to IBF's initiative to review the CEP requirements for the stock broking industry, The Society of Remisiers, Singapore would like to register for your record that it had indeed engaged both IBF and SGX over several meetings in 2015 / 2016, to discussed and negotiate the issue of CEP hours. In our last meeting with them on 25 November 2016, it was affirmed that the CEP hours shall remain at status quo. This was followed by SGX's confirmation of the same via their email circular dated 1 December 2016 under circular no. GM/325/2016.</p> <p>The same reasons and concerns expressed to IBF and SGX apply for CPD. In the same vein, we would be happy to engage the MAS on this. Any increase in CPD would be more receptive and palatable to TR especially if there is a positive correlation between these CPDs and improvement in their income.</p> <p>Whilst we appreciate the desire to strengthen our role in the financial market through the rigorous review of the training requirement for both the new comers and incumbents, it could be somewhat inappropriate to expect more from our profession at a time when its very survival is in question owing to the unabated fall in commission.</p> <p>Notwithstanding, we feel a good time to implement any potential change would be when the stock market picks up meaningfully. Perhaps, in two to three years' time.</p>
18	State Street Bank and Trust Company	<p><u>Q1</u> No comments.</p> <p><u>Q2</u> No comments.</p>

		<p><u>Q3</u> No comments.</p> <p><u>Q4</u> No comments.</p> <p><u>Q5</u> No comments.</p> <p><u>Q6</u> We seek MAS clarification on whether the existing exemption to continuing professional development promulgated under FAA N-13 will apply to CMS appointed representatives. Specifically, we wish to understand whether the proposed CPD hours will apply to appointed representatives that deal only with accredited investors or institutional investors.</p>
19	St James's Place (Singapore) Private Limited	<p><u>Q1</u> The current curriculum only focuses on rules and regulations and not the practical aspect of business. More often than not, representatives find it difficult to understand their regulatory obligations in the very early stages of their career. With the enhanced CMFAS, representatives will have a better understanding of the policy intent, as well as their responsibilities with regard to their regulatory obligations.</p> <p>As MAS rightly pointed out, many skills are learnt on the job, and it will be difficult to assess this in a paper-based examination. The incorporation of skills content will only equip representatives with some understanding of core processes and skills. In view of this, it is also important that supervisors provide practical guidance and adequate supervisory interaction when a new entrant joins the industry.</p> <p><u>Q2</u> We are supportive of the proposal as it allows representatives who intend to conduct additional regulated activities to complement their primary regulatory activity by completing just one RES module instead of separate modules. This is no doubt more time-efficient.</p> <p><u>Q3</u> <i>Q3 does not apply to SJP Singapore.</i></p>

		<p><u>Q4</u> We are supportive of the proposal as it allows representatives to complete the relevant combine product knowledge module in just one sitting. This is no doubt more time-efficient.</p> <p>Whilst MAS has made it clear that a representative has the option to take either the single product knowledge module or combined product knowledge module, we would like to clarify in instances where there are more than 1 combined product knowledge module for a particular regulated activity, could the representative complete ANY ONE of the combined knowledge modules? In addition, based on Annex C, does CM-LIC apply to ‘advising on/arranging of life policies’ under the FAA activities?</p> <p><u>Q5</u> We would like to clarify if the current exemptions from certain CMFAS modules under the MAS Notice FAA-N13 will continue to apply to new entrants when the revised CMFAS framework comes into effect. In addition, would MAS be able to provide an indicative implementation date for the revised CMFAS framework?</p> <p><u>Q6</u> We are supportive of this proposal as it creates an even level playing field for the industry players. In addition, it also raises the competency of all representatives.</p>
20	WongPartnership LLP	<p><u>General comments</u> Thank you for the opportunity to comment on the Consultation Paper on Review of Competency Requirements for Representatives Conducting Regulated Activities under the Securities and Futures Act and Financial Advisers Act (“<b>Consultation Paper</b>”).</p> <p><u>Q1</u> We have no comments on Question 1.</p> <p><u>Q2</u> We have no comments on Question 2.</p> <p><u>Q3</u> We have no comments on Question 3.</p>

		<p><u>Q4</u> We have no comments on Question 4.</p> <p><u>Q5</u> We have no comments on Question 5.</p> <p><u>Q6</u> 1. We note that MAS proposes to align the CPD training requirement for CMS appointed representatives with that of FAA appointed representatives. In this regard, we also note that certain types of FAA appointed representatives who are exempt from the CMFAS examination requirements are also exempt from the CPD training requirements under the Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers [Notice No. FAA-N13] ("<b>FAA Notice</b>") (see paragraph 33B of the FAA Notice for example).</p> <p>2. As such, in order to align the proposed CPD requirements with those in the FAA Notice, MAS may wish to clarify that CMS appointed representatives who are exempt from CFMAS examination requirements (e.g. the exemptions listed in paragraphs 23, 24 or 28, amongst others, of the Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services licence and Exempt Financial Institutions under the SFA [Notice No. SFA 04-N09]) will also be exempted from the proposed CPD requirements for CMS appointed representatives.</p>
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**Annex C**

**Examples of higher order thinking questions**

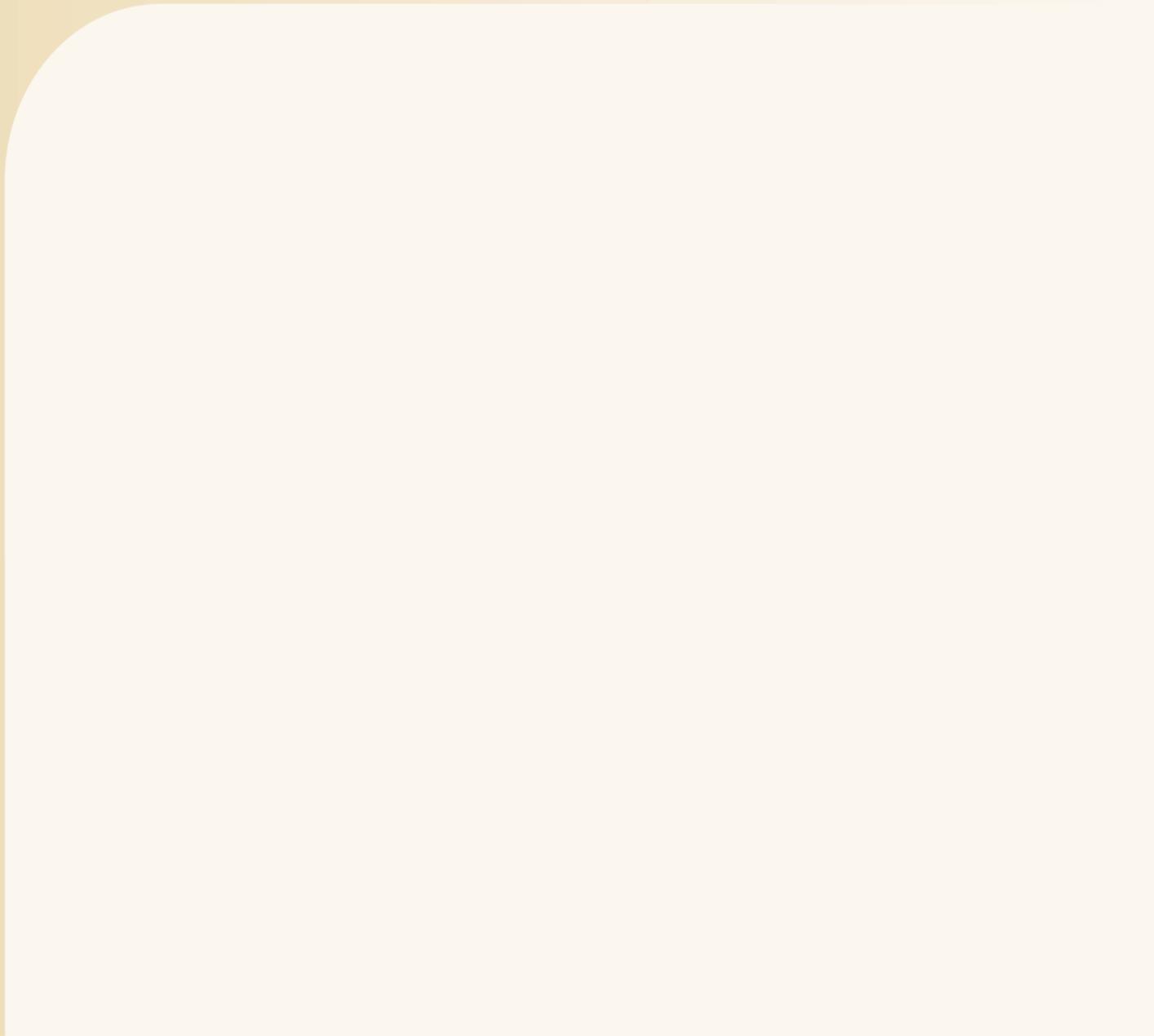
Sample of Current Knowledge Question	Sample of Application Question
<p><b>Rules Exam (M1A – Rules &amp; Regs for Dealing in Securities)</b></p> <p><b>Topic – Minimum Entry and Examination Requirements</b></p> <p>To be eligible for registration as a trading representative, an applicant must be at least _____ years old.</p> <p>a. 30</p> <p>b. 25</p> <p>c. 21</p> <p>d. 18</p> <p><i>Question only tests on candidates' knowledge/memorisation of the minimum age to be eligible to register as a trading representative.</i></p>	<p><b>Rules Exam (M1A – Rules &amp; Regs for Dealing in Securities)</b></p> <p><b>Topic – Minimum Entry and Examination Requirements</b></p> <p>Jasmine is 23 years old and she has just graduated from university. She is interested to become a trading representative because her brother, Mark, is also interested in becoming a trading representative.</p> <p>Mark is older than Jasmine and has been living overseas for the last 10 years, where he ran a successful stockbroking business but he recently ran into financial difficulties. Hence, he decided to return to Singapore to set up a business with Jasmine. Both Mark and Jasmine are in the process of studying for the CMFAS examinations although they have not yet taken the exams.</p> <p>Based on the above facts, who is eligible to be registered as a trading representative under the SFA?</p> <p>a. Both Jasmine and Mark are eligible</p> <p>b. Only Jasmine is eligible</p> <p>c. Only Mark is eligible</p>

	<p>d. Neither Jasmine nor Mark are eligible</p> <p><i>Application question which tests candidates' ability to apply knowledge (i.e. determine, establish, predict, solve) of the criteria to qualify as a trading rep.</i></p>
<p><b>Product Exam (M6A – Securities &amp; Futures Product Knowledge)</b></p> <p><b>Topic – Warrant Valuation - Minimum Value and Maximum Value</b></p> <p>If the exercise price is equal to the underlying share price, the warrant is _____.</p> <p>a. out-of-the-money b. in-the-money c. at-the-money d. worthless</p> <p><i>Question only tests candidates' knowledge of the definition of "moneyness" of a (call) warrant.</i></p>	<p><b>Product Exam (M6A – Securities &amp; Futures Product Knowledge)</b></p> <p><b>Topic – Warrant Valuation</b></p> <p>ABC Limited ("ABC") has a call warrant with the following details:</p> <p>Share price (S) = \$5.90</p> <p>Exercise price (X) = \$6.00</p> <p>Warrant price (WP) = \$0.35</p> <p>Conversion ratio (n) = 2</p> <p>Calculate the intrinsic value, conversion price and premium of ABC's call warrant.</p> <p>a. Intrinsic value = \$0; Conversion price = \$6.70; Premium = 13.6% b. Intrinsic value = \$0; Conversion price = \$5.30; Premium = 10% c. Intrinsic value = \$0.10; Conversion price = \$6.70; Premium = 13.6% d. Intrinsic value = \$0.10; Conversion price = \$5.30; Premium = 10%</p> <p><i>Application question which tests candidates' ability to apply knowledge (i.e. determine, solve) of warrant valuation concepts.</i></p>

## Annex D

The list of exemption criteria for the combined product knowledge modules is set out in the table below.

Combined Product Knowledge Modules	List of Exemption Criteria
CM-CMP (combination of M6 and M6A)	(a) Degree or higher qualification in finance, financial engineering or computational finance  (b) Chartered Financial Analyst (CFA) by the CFA Institute, USA.
CM-CIS (combination of M8 and M8A)	(a) Degree or higher qualification in finance, financial engineering or computational finance  (b) Chartered Financial Analyst (CFA) by the CFA Institute, USA.
CM-LIP (combination of M9 and M9A)	Degree in Actuarial Science or Insurance
CM-LIC (combination of M8, M8A, M9 and M9A)	Nil



Monetary Authority of Singapore