



Monetary Authority of Singapore

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# **SECURITIES AND FUTURES ACT 2001**

**NOTICE ON COMPETENCY REQUIREMENTS FOR  
REPRESENTATIVES OF HOLDERS OF CAPITAL MARKETS  
SERVICES LICENCE AND EXEMPT FINANCIAL INSTITUTIONS**

## **FREQUENTLY ASKED QUESTIONS**

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

## SECURITIES AND FUTURES ACT 2001

### NOTICE ON COMPETENCY REQUIREMENTS FOR REPRESENTATIVES OF HOLDERS OF CAPITAL MARKETS SERVICES LICENCE AND EXEMPT FINANCIAL INSTITUTIONS

#### FREQUENTLY ASKED QUESTIONS

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##### **(A) Minimum Entry Requirements**

**Q1 What qualification, other than 4 GCE “O” Level credit passes, would be considered to meet the minimum academic qualification requirements?**

An individual who has higher educational qualifications such as a GCE “A” Level certificate, diploma or degree in any discipline, would be considered to have met the minimum educational requirement. For foreign qualifications, individuals must possess at least 4 credit passes in a national examination that is equivalent to the GCE “O” Level Examinations, such as the International General Certificate of Secondary Education (“IGCSE”).

**Q2 Can the 4 GCE O-Level credit passes be obtained from more than one sitting?**

Yes.

**Q3 Can persons who do not satisfy the minimum 4 GCE “O” Level requirement conduct regulated activities under the Securities and Futures Act 2001 (“SFA”)?**

The individual must have at least 4 GCE “O” Level credit passes or its equivalent. Alternatively, if an individual sat for the GCE “O” Level Examination before or in the year 1980, the individual must have at least 2 GCE “O” Level credit passes and at least 3 years of relevant and continuous working experience over the past 5 years in respect of the regulated activity to be conducted.

**Q4 Is a temporary representative as defined under section 99F of the SFA required to comply with the minimum entry requirements spelled out in the SFA Notice on Competency Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions (SFA 04-N22)?**

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

**(B) Examination Requirements**

***General Requirements***

- Q5 Some companies require their representatives to pass relevant CMFAS Examinations even though these representatives already have certain educational qualifications (e.g. a degree in finance) and/or relevant work experience. Are such representatives obliged to meet the requirements imposed by their principal company?**

MAS places the onus on the principal companies to satisfy themselves and certify to MAS that their representatives are fit and proper. The principal companies have to ensure that their proposed representatives are fit and proper before appointing them as representatives under the SFA and Financial Advisers Act 2001 (“FAA”). The fit and proper criteria (e.g. integrity, competence and financial soundness) set out in MAS Guidelines on Fit and Proper Criteria (FSG-G01) are the minimum standards that representatives are expected to meet. Principal companies are encouraged to set standards that are higher than the minimum standards required by MAS, so as to adequately reflect the integrity, professionalism and conduct they expect of their representatives. Where a principal company takes the view that the educational background and/or work experience of existing or prospective representatives are insufficient, it may require that these be supplemented by additional professional qualifications, such as to pass certain CMFAS Examinations beyond what is required by MAS. Existing and prospective representatives should check directly with the compliance officer of their principal company on the specific fit and proper requirements expected of them.

- Q6 Would an individual who has passed the relevant CMFAS Examination more than 3 years ago, but did not commence any regulated activities, be required to retake the CMFAS Examination if he or she wishes to conduct the relevant regulated activity now?**

Such persons are required to re-take and pass the relevant Rules, Ethics and Skills (“RES”) module(s) before commencing the activity. They are not required to re-take the module(s) on product knowledge which they had previously passed. For the avoidance of doubt, individuals conducting the regulated activity of REIT management, would be required to re-take and pass RESP10, which is a combined RES and product knowledge module.

- Q7 For persons employed by a Capital Markets Services (“CMS”) licence holder or exempt financial institution (“Exempt FI”) to carry out regulated activity under the SFA on 1 October 2002, and who completed the relevant non-examinable course, but subsequently ceased carrying out the relevant regulated activity, are they required to re-take the relevant RES module(s) if they wish to join a CMS licence holder or Exempt FI to conduct the same activity in the future?**

As stated in paragraph 6.1.2(c) of SFA 04-N22, the completion of the non-examinable course is valid for 3 years following the cessation of the regulated activity. Therefore, an individual will be required to re-take the relevant RES module(s) if they intend to re-commence the relevant regulated activity with a CMS licence holder or an Exempt FI more than 3 years after the date when they ceased carrying out the regulated activity.

***Exam requirements for a representative of a Licensed Fund Management Company (“LFMC”)***

- Q8 What does “Specified FMC” mean under SFA 04-N22?**

“Specified FMC” refers to a CMS licence holder with fund management as its principal regulated activity (i.e. an LFMC). A financial institution (e.g. a bank) which conducts fund management as a secondary activity is not a “Specified FMC”.

- Q9 Is an appointed fund management representative required to pass CM-SIP, in addition to RES3 and CM-EIP?**

A representative authorised to conduct fund management is only required to pass RES3 and CM-EIP.

- Q10 Is an appointed dealing representative of a LFMC required to pass CM-SIP?**

An appointed dealing representative of a LFMC, such as a central dealer, who deals in Specified Investment Products is required to pass CM-SIP. Such a representative is exempted from CM-SIP only if he or she possesses any of the qualifications stated in paragraph 5.1.2 of SFA 04-N22.

An appointed dealing representative of a LFMC whose dealing in capital markets products is limited to marketing of any collective investment scheme is not required to pass CM-SIP as set out in paragraph 5.2.2 and read with Table C in SFA 04-N22.

**Q11 Which RES module(s) should an appointed dealing representative of a LFMC who conducts (a) marketing of any collective investment scheme or (b) central dealing take?**

A representative should take the RES module that is aligned with the primary regulated activity of his or her principal company, and the types of regulatory knowledge and skills he or she should be equipped with to perform the roles effectively.

In this regard, a dealing representative of a LFMC who conducts marketing of collective investment schemes or central dealing should pass the RES3 module. Such a representative also has the flexibility to pass the relevant RES module(s) for dealing in capital markets products, in lieu of RES3, as set out in paragraphs 5.2.1 and 5.2.2 of the Notice SFA 04-N22.

**Q12 What are the CMFAS Examination requirements for a representative of a LFMC who markets funds managed by third parties (i.e. unrelated fund management companies) and is appointed to conduct the regulated activity of dealing in capital markets products that are units in a collective investment scheme?**

Such a representative is required to pass CM-EIP for the product knowledge module and should pass RES3 for the RES module. The representative has the flexibility to pass the relevant RES module(s) for dealing in capital markets products that are units in a collective investment scheme, in lieu of RES3, as set out in paragraph 5.2.2 of the Notice SFA 04-N22.

**Q13 What are the CMFAS Examination requirements for a representative of a LFMC who had been conducting marketing of any collective investment scheme and had passed Modules 5, 8 and/or 8A in accordance with the requirements under the SFA Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services licence and Exempt Financial Institutions under the SFA (cancelled on 1 April 2024) (“SFA 04-N09”)?**

MAS has provided grandfathering exemptions under paragraphs 5.2.3 and 5.10.3 for such a marketing representative of a LFMC who had been conducting marketing of any collective investment scheme prior to 1 April 2024 and was deemed to have passed<sup>1</sup> or had passed Modules 5, 8 and/or 8A under SFA 04-N09. The deemed passes will no longer be valid if the representative ceases to conduct marketing of any collective investment scheme on or after 1 April 2024 and does not re-commence carrying out the same regulated activity within three years after the cessation date.

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<sup>1</sup> This includes representatives who were appointed for the regulated activity of marketing of collective investment schemes under the FAA prior to 8 October 2018, and thereafter are appointed for the regulated activity of dealing in capital markets products that are units in a collective investment scheme.

**Q14 Is a representative of a LFMCs who manages or markets funds which are only offered to accredited and/or institutional investors in Singapore exempted from the CMFAS Examination and continuous professional development (“CPD”) requirements?**

Yes. A representative who manages or markets funds offered only to accredited and/or institutional investors in Singapore is exempted from the CMFAS Examination and CPD requirements.

**Q15 Is a representative of a LFMC who markets funds to distributors (which are regulated financial institutions) exempted from the CMFAS Examination and CPD requirements?**

A representative who markets funds to distributors which are regulated financial institutions, and does not deal directly with retail investors, is exempted from CMFAS Examination and CPD requirements.

***Examination requirements on dealing in capital markets products***

**Q16 Is a representative who deals in securities or units in a collective investment scheme for a principal that is not a member of an approved exchange, and had passed M1A under SFA 04-N09, required to pass RES1B?**

No. A representative who passed M1A under SFA 04-N09 is deemed to have passed RES1A under SFA 04-N22 and is not required to pass RES1B. RES1A includes course contents of RES1B and additional content relating to exchange rules. An individual who conducts dealing in securities or units in a collective investment scheme for a principal that is not a member of an approved exchange may pass RES1A to satisfy the requirement to pass RES1B.

**Q17 Is a representative’s overseas working experience recognised towards meeting the requirements set out in paragraph 5.7.2 of SFA 04-N22 for representatives appointed for dealing in capital markets products that are over-the-counter derivatives contracts?**

Yes, MAS will recognise overseas working experience that amounts to carrying out of dealing in capital markets products that are over-the-counter derivatives contracts for the purpose set out in paragraph 5.7.2 of Notice SFA 04-N22.

**Q18 Can a representative who deals in exchange-traded derivatives contracts, over-the-counter derivatives contracts or spot foreign exchange contracts for the purposes of leveraged foreign exchange trading for a principal that is not a member of an approved exchange, pass RES2A in lieu of RES2B?**

Yes. Such a representative may pass RES2A to satisfy the requirement to pass RES2B.

**Q19 Is a representative who deals in exchange-traded derivatives contracts, over-the-counter derivatives contracts or spot foreign exchange contracts for the purposes of leveraged foreign exchange trading for a principal that is not a member of an approved exchange, and had passed M1A, M1B or M2A under SFA 04-N09, required to pass RES2B?**

No. MAS will provide a grandfathering exemption from the requirement to pass RES2B for such a representative as long as the representative continues to perform the regulated activities that he or she was appointed to conduct prior to 1 April 2024. MAS will incorporate this clarification in the next amendment of SFA 04-N22.

However, any representative who intends to undertake additional regulated activities on or after 1 April 2024 will have to pass the relevant modules as required in SFA 04-N22, unless the representative is deemed to have passed, under paragraph 4.5 of SFA 04-N22, the corresponding module as set out in Table A of Annex 1 in SFA 04-N22. Please see the following illustrative example.

**Scenario:** A representative who deals in over-the-counter derivatives contracts prior to 1 April 2024 and continues to conduct the same activity on or after 1 April 2024. The representative subsequently wants to undertake a new activity of dealing in exchange-traded derivatives contracts on or after 1 April 2024.

| <b>Rules and regulations module passed under SFA 04-N09</b> | <b>Exempted from RES2B under SFA 04-N22 for the activity of dealing in over-the-counter derivatives contracts?</b>        | <b>Required to pass RES2B under SFA 04-N22 for new activity of dealing in exchange-traded derivatives contracts?</b> |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| M1A or M1B                                                  | Yes, representative is grandfathered from RES2B if he or she continues to deal in over-the-counter derivatives contracts. | Yes                                                                                                                  |
| M2A                                                         | Yes, representative is deemed to have passed RES2B based on paragraph 4.5 of SFA 04-N22.                                  | No                                                                                                                   |

### *Examination requirements on corporate finance*

**Q20 What RES module(s) is an appointed representative in respect of advising on corporate finance required to pass, if he or she also conducts underwriting and placement of capital markets products in connection with his or her advising on corporate finance?**

The applicable RES module for a representative should be aligned with the primary regulated activity of his or her principal company and the types of regulatory knowledge and skills he or she is expected to possess to perform his or her role effectively.

A new representative appointed for advising on corporate finance and conducts underwriting and placement of capital markets products in connection with his or her advising on corporate finance only need to pass RES4 to meet the minimum requirements for RES modules. He or she is exempted under paragraph 5.3.1 from passing the RES modules for dealing in capital markets products.

An existing representative appointed for advising on corporate finance is exempted from retaking and passing RES4 under paragraph 5.9.3, if he or she had passed M4A under SFA 04-N09 and has been conducting underwriting and placement of capital markets products in connection with his or her advising on corporate finance before 1 April 2024. Such representative is exempted under paragraph 5.3.1 from RES modules for dealing in capital markets products.

For the avoidance of doubt, any appointed representative in respect of advising on corporate finance whose dealing in capital markets products is not in connection with his or her advising on corporate finance, is required to pass the RES modules for dealing in addition to RES4, unless otherwise exempted or deemed pass.

**(C) Transitional arrangements for individuals who were appointed by specialised units serving high net worth individuals**

**Q21 An individual who was appointed on or before 28 September 2023 to carry out the regulated activity of dealing on behalf of a specialised unit serving high net worth individuals, is appointed by a different covered entity to carry out the same regulated activity on or after 1 April 2024. Is he or she exempted from the CMFAS Examination and CPD requirements?**

Yes. Such an individual is exempted, so long as he or she continues to serve only accredited investors (“AI”) and/or institutional investors. Please refer to paragraph 3.8 of MAS’ Response to Feedback Received on Draft Notices on the Competency Requirements for Representatives Conducting Regulated Activities under the Financial Advisers Act and Securities and Futures Act issued on 28 September 2023 for the operationalisation details to this exemption.

**Q22 Would a representative serving an existing client who was previously an AI but have either opted out of the AI status or no longer meets the AI eligibility criteria after 1 April 2024 continue to be exempted from the CMFAS Examination requirements for dealing in capital markets products?**

As set out in Q25 of the FAQs on the Definition of Accredited Investor and Opt-in Process, financial institutions may continue to treat a client who was previously classified as an AI but who has opted out of AI status or no longer meets the AI eligibility criteria, as if the client was an AI in respect of the specific transactions which were made before the change in client's status to non-AI.

As such, the exemption from the CMFAS Examination requirements for dealing in capital market products applies to the representatives serving such clients insofar as their activities pertain to the unwinding of transactions or divesting of investments which were made before the change to the individual's non-AI status.