



Monetary Authority of Singapore

FINANCIAL ADVISERS ACT (CAP. 110)

**NOTICE ON MINIMUM ENTRY AND EXAMINATION
REQUIREMENTS FOR REPRESENTATIVES OF LICENSED
FINANCIAL ADVISERS AND EXEMPT FINANCIAL ADVISERS**

**FREQUENTLY ASKED QUESTIONS
(Updated on 10 January 2014)**

Disclaimer: The FAQs are meant to provide guidance to the industry on MAS' policy and administration of the FAA regime. 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 of Singapore.

Minimum Academic Entry Requirements

Q1. What are the minimum academic qualification requirements for appointed representatives?

With effect from 1 February 2014, the minimum academic qualification requirements for appointed representatives are as follows:

- (i) a full certificate in GCE 'A' Level;
- (ii) an International Baccalaureate Diploma qualification;
- (iii) a diploma awarded by a polytechnic in Singapore; or
- (iv) any other academic qualification which is equivalent to the qualifications set out in sub-paragraph (i), (ii) or (iii) above.

[Amended 10 January 2014]

Q2. What qualification is considered equivalent to a full GCE 'A' level certificate, an International Baccalaureate Diploma qualification, and a diploma awarded by a polytechnic in Singapore?

A full GCE 'A' Level certificate includes passes in at least three 'Higher 2' and two 'Higher 1' subjects. As the academic entry requirement is meant to test higher literacy and numeracy skills of representatives, the diplomas awarded by the polytechnics in Singapore (including those obtained under the Continuing Education and Training Framework) and the International Baccalaureate Diploma qualification are considered equivalent to a full GCE 'A' level certificate as they carry similar academic rigour. Higher academic qualifications such as a degree in any discipline will also be acceptable.

[Amended 10 January 2014]

Q3. Can the full GCE 'A' Level certificate required under the minimum academic qualification requirements be obtained from more than one sitting?

Yes.

[Amended 10 January 2014]

Q4. Can MAS provide a list of equivalent academic qualifications?

As there are many possible equivalent qualifications, especially from foreign institutions, it is not MAS' intention, nor is it practicable, to provide an exhaustive list of such qualifications. In this regard, individual financial advisers should conduct their own due diligence assessment on whether a particular qualification may be deemed equivalent to the minimum academic qualification requirement. Financial advisers may use the following guiding principles to determine whether a qualification could be considered as being equivalent to a full GCE 'A' Level certificate, International Baccalaureate Diploma qualification or diploma awarded by a polytechnic in Singapore:

- (i) The total number of training hours of the course is at least 900 hours, or the course duration is at least 2.5 years on a part-time basis;
- (ii) The assessment method is minimally 50% examination-based; and
- (iii) The qualification allows for admission into a university.

[Amended 10 January 2014]

Q5. Can persons who do not satisfy the minimum academic qualification requirement set out in paragraph 15 of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13) conduct a regulated activity under the FAA?

All existing and former representatives who had conducted regulated activities under the FAA before 1 February 2014 will be grandfathered and will not be required to satisfy the minimum academic qualification requirement set out in paragraph 15 of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13). However, grandfathered representatives who leave or have left the financial advisory industry for a continuous period of more than one year, and who do not meet the new academic qualification requirements will be required to re-take the relevant product knowledge and analysis, and rules and regulations modules under the Capital Markets and Financial Advisory Services Examination (CMFAS), if they wish to re-enter the financial advisory industry. Please refer to the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13) for details.

All other appointed representatives under the FAA must have at least a full GCE 'A' level certificate, International Baccalaureate Diploma

qualification or diploma awarded by a polytechnic in Singapore, or their equivalent.

[Amended 10 January 2014]

Q6. Will grandfathered representatives who are intending to conduct additional FAA activities after 1 February 2014 be required to satisfy the minimum academic qualification requirement set out in paragraph 15 of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13)?

No. However, representatives who leave the financial advisory industry for a continuous period of more than one year, and who do not meet the new academic qualification requirements, will be required to re-take the relevant CMFAS product knowledge and analysis, and rules and regulations Examinations if they wish to re-enter the financial advisory industry. Please refer to the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13) for details.

[Amended 10 January 2014]

Q7. Does the minimum academic entry requirement under the FAA apply to representatives conducting regulated activities under the Securities and Futures Act (SFA)?

The minimum academic entry requirement under the FAA does not apply to representatives who only conduct regulated activities under the SFA. However, where the FA representative is also an appointed representative under the SFA, the higher of the requirements under the FAA and SFA will apply. In this regard, an existing representative appointed under the SFA would need to meet the new minimum academic entry requirement under the FAA should he wish to also be appointed as an FA representative concurrently.

[Amended 10 January 2014]

Examination Requirements

General Requirement

Q1. Some principal companies require their representatives to pass the relevant CMFAS examinations even though these representatives already have certain educational qualifications (e.g. a degree in finance) and/or relevant work experience that are recognised under the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13) as meeting the minimum examination requirement. 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 FAA. The fit and proper criteria (i.e. integrity, competence and financial soundness) set out in MAS Guidelines on Fit and Proper Criteria (FSG-G01) are the minimum standards that representatives are expected to meet. 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 and/or work experience of existing or prospective representatives are insufficient, it may require that these be supplemented by additional professional qualifications, such as certain CMFAS modules on top of what is strictly required by MAS. Existing and potential representatives should check directly with the compliance officer of their principal company on the specific fit and proper requirements expected of them.

[Amended 10 January 2014]

Q2. Is there any exemption under the CMFAS Examination requirements for a person who possesses a degree, professional qualification or relevant work experience?

Persons who possess certain specified qualifications or work experience stipulated in the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13) are exempted from the requirement to pass certain product knowledge and analysis modules under

the CMFAS Examination. Nevertheless, there is no exemption available for rules and regulation modules under the CMFAS Examination. Details are available at the Annexes of the Notice.

[Amended 10 January 2014]

Q3. For persons who intend to issue research reports concerning investment products, which modules of the CMFAS Examination do they have to pass?

Persons who issue or promulgate analyses or reports are not required to comply with the CMFAS Examination requirements.

Q4. Are persons who intend to provide advice on foreign exchange and leveraged foreign exchange required to satisfy CMFAS Examination requirements?

Persons who provide advice (other than through issuing or promulgating research reports) on leveraged foreign exchange have to satisfy the CMFAS Examination requirements. The CMFAS Examination requirements do not apply to persons who provide advice on foreign exchange.

[Amended 10 January 2014]

Q5. Do the CMFAS Examination requirements apply to persons currently employed with a company that acts as a financial adviser in giving advice and issuing reports on any investment products (other than life policies), to not more than 30 accredited investors under regulation 27(1)(d) of the Financial Advisers Regulations 2002?

The CMFAS Examination requirements do not apply to such persons. The CMFAS Examination requirements only apply to persons intending to provide financial advisory services on behalf of a licensed financial adviser or a person who is exempt from holding a financial adviser's licence under section 23(1)(a) to (e) of the FAA (Exempt FA).

[Amended 10 January 2014]

Q6. Are persons who provide advice on bonds to accredited investors subject to the CMFAS Examination requirements?

No.

Q7. Are persons employed by a bank to provide advice on Singapore Government securities subject to the CMFAS Examination requirements?

No.

Q8. Would a person who has passed the relevant CMFAS Examinations more than 3 years ago, but did not commence any regulated activities, be required to re-take the CMFAS Examinations if he wishes to carry out the relevant financial advisory services now?

Such persons are required to re-take and pass Module 5 of the CMFAS Examination before commencing the provision of financial advisory services. They are not required to re-take the CMFAS module(s) on product knowledge and analysis. If they wish to provide advice on Specified Investment Products, they have to pass Module 6A, 8A or 9A depending on the type of Specified Investment Products that they wish to provide advice on.

Q9. Persons who were employed with a licensed FA/Exempt FA to carry out financial advisory services under the FAA on 1 October 2002 were required to complete a non-examinable course on Module 5 by the stipulated deadline in cancelled Notice No. FAA-N04 (Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers). If such persons left the company without completing the non-examinable course, can they take a non-examinable course now if they wish to re-commence the provision of financial advisory services?

No, they are required to pass Module 5 of the CMFAS Examination.

[Amended 10 January 2014]

Q10. For persons employed with a licensed FA/Exempt FA to carry out financial advisory services under the FAA on 1 October 2002, and who completed the non-examinable course on Module 5 but subsequently ceased carrying out financial advisory services, are they required to re-take Module 5 if they wish to join a licensed FA/Exempt FA to conduct the same financial advisory service in future?

As the completion of the non-examinable course is valid for 3 years following the cessation of the financial advisory service, they will not be required to re-take Module 5 if they re-commence the provision of

financial advisory services with a licensed FA or an exempt FA within 3 years from the date of their cessation.

Q11. Will existing representatives intending to conduct additional financial advisory services be “exempted” from passing the CMFAS Examination?

They are required to pass the relevant product knowledge and analysis modules under the CMFAS Examination before they can commence the provision of new financial advisory services, unless there is no applicable CMFAS Examination requirement for the conduct of the additional financial advisory services. Please refer to paragraph 8 of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Adviser and Exempt Financial Adviser (Notice FAA-N13) for the types of financial advisory services where CMFAS Examination requirement does not apply.

[Amended 10 January 2014]

Examination Requirement for dealing in Specified Investment Product

Q12. For persons who intend to commence the provision of advice on securities and marketing of collective investment schemes, what examination requirements are they subject to?

They are required to pass Modules 5, 6 and 8 of the CMFAS Examination. In addition, if they provide advice on securities and market collective investment schemes which are Specified Investment Products, they are required to pass Module 6A and 8A respectively. They will be exempted from the requirement to pass Modules 6A and 8A if they meet the criteria set out in paragraph 18B of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Adviser and Exempt Financial Adviser (Notice FAA-N13).

[Amended 10 January 2014]

Q13. For persons who intend to provide advice on and arrange life policies (including investment-linked policies), what examination requirements are they subject to?

They are required to pass Modules 5, 9 and 9A of the CMFAS Examination. They will be exempted from the requirement to pass Module 9A if they meet the criteria set out in paragraph 18B of the FAA

Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Adviser and Exempt Financial Adviser (Notice FAA-N13).

[Amended 20 February 2013]

Q14. If the principal company of the representative offers both life insurance policies and investment-linked policies, does a representative who does not intend to provide advice on or sell investment-linked policies need to pass Module 9A?

While it is possible for a representative to provide advice on Excluded Investment Products only, the principal company should assess if there is a need for such a representative to pass Module 9A. We note that principal companies which offer life insurance policies typically also offer investment-linked policies. As such, representatives would need to consider the full suite of products offered by their principal companies before recommending particular products that best meet their customers' needs. If a representative limits himself to only advising on certain of his principal company's products, he may not be able to provide advice on the most suitable product(s) or to advise his customers against unsuitable products. In addition, representatives may be called on to provide advice on and/or arrange investment-linked policies for their principal company's customers who already have investment-linked policies in their portfolios. As such, we strongly encourage representatives who intend to provide advice on life insurance policies to pass Module 9A even if they intend to limit themselves to selling Excluded Investment Products only.

[Amended 10 January 2014]

Q15. If a principal company sets up a specialised unit which deals in life insurance policies, excluding investment-linked policies, do the representatives within this specialised unit have to pass Module 9A?

If a principal company offers both life insurance policies and investment-linked policies, but sets up a specialised unit within the company to deal only in life insurance policies (excluding investment-linked policies), the representatives within this specialized unit are not required to pass Module 9A. This is subject to the company putting in place proper controls, including direct supervision and monitoring of the activities of these representatives, to ensure that they do not provide financial advisory services concerning investment-linked policies. In such cases, the representatives should inform their customers that they can only provide

financial advisory services in life insurance policies (excluding investment-linked policies). Nevertheless, the company may set standards that are higher than the minimum standards required by MAS, so as to reflect the professionalism and competency they expect of their representatives.

[Amended 10 January 2014]

Q16. Representatives who had been providing financial advisory services on securities (which include Specified Investment Products) and futures contracts as of 1 January 2012 have until 30 June 2013 to pass Module 6A. Can such representatives still continue providing financial advisory services on securities (which include Specified Investment Products) and futures if they do not pass Module 6A by 30 June 2013?

If such representatives have not passed Module 6A by 30 June 2013, they will only be allowed to provide financial advisory services on securities which are Excluded Investment Products. They are not allowed to provide financial advisory services on securities which are Specified Investment Products or futures contracts until they pass Module 6A. They will be exempted from the requirement to pass Modules 6A if they meet the criteria set out in paragraph 18B of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Adviser and Exempt Financial Adviser (Notice FAA-N13).

[Amended 10 January 2014]

Q17. Would persons providing financial advisory services on securities which are Specified Investment Products for accredited investors be required to pass Module 6A?

Representatives who confine their provision of financial advisory services on securities to customers who are accredited investors, institutional investors or expert investors, do not have to pass Module 6A.

Q18. I am currently an appointed representative of a fund management company marketing collective investment schemes which are Specified Investment Products to distributors. Will I need to pass Module 8A?

You do not have to pass Module 8A if you only market collective investment schemes that are Specified Investment Products to distributors who are institutional investors, and you have no direct dealings with retail investors. Please refer to the exemption set out in paragraph 24 of the FAA

Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA- N13).

[Amended 10 January 2014]

Q19. For existing appointed representatives providing financial advisory services and who wish to submit a notification to expand their activities to include advising on additional products, do they need to pass Module 6A, 8A or 9A (whatever is relevant) prior to expanding their activities?

If an existing appointed representative wishes to expand his scope of financial advisory services to include Specified Investment Products, he will be required to pass the relevant CMFAS Examination, i.e. Modules 6A, 8A or 9A, before he can submit the notification for additional regulated activities. Nevertheless, he will be exempted from the requirement to pass Modules 6A, 8A or 9A if he meets the criteria set out in paragraph 18B of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Adviser and Exempt Financial Adviser (Notice FAA-N13).

[Amended 10 January 2014]

Q20. Would existing appointed representatives who have been providing financial advisory services on securities which are Specified Investment Products to retail customers prior to 1 January 2012 be granted exemption from having to pass Module 6A based on Annex 1A of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13)?

Representatives are required to pass Module 6A if they are providing financial advisory services on securities that are Specified Investment Products to customers who are not accredited investors. They will be exempted from the requirement to pass Module 6A if they possess certain qualifications set out in paragraph 18B of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13).

Q21. IBF has announced that from 1 January 2012, they will discontinue Module 7 of the CMFAS Examinations. Can persons who have passed Module 7 before 1 January 2012 still submit their notification to provide financial advisory on futures contracts in January 2012?

Representatives who had passed Module 7 or otherwise exempted and were providing advice on futures contracts on 1 January 2012 had until 30 June 2013 to pass Module 6A of the CMFAS Examination in order to continue with the regulated activity. They would not be able to continue providing advice on futures contracts if they fail to pass Module 6A by 30 June 2013. For representatives who have passed Module 7 before 1 January 2012 but left the industry and wish to return to provide advice on futures contracts, they will need to pass Module 6A before they can submit the notification to conduct the regulated activity. However, they will be exempted from the requirement to pass Module 6A if they possess certain qualifications set out in paragraph 18B of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13).

[Amended 10 January 2014]

Q22. Will persons who currently possess a qualification listed in Annex 1A, 3A, or 4A and have been exempted from Modules 6, 8 or 9 continue to be exempted from Module 6, 8 or 9 (whichever is relevant) on and after 1 January 2012?

Yes. They will continue to be exempted from Module 6, 8, or 9.

[Amended 10 January 2014]

Q23. Will persons who currently possess a qualification listed in Annex 2A continue to qualify for exemption from Module 7 on and after 1 January 2012?

As Module 7 has been discontinued and replaced with Module 6A on 1 January 2012, the exemption from Module 7 will only be applicable until 1 January 2012. They will be exempted from the requirement to pass Module 6A if they possess certain qualifications set out in paragraph 18B of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice FAA-N13).

[Amended 10 January 2014]

Q24. For persons who currently possess a qualification listed in Annex 1, 2, 3 or 4, but the qualification is not listed in Annex 1A, 2A, 3A or 4A, are they required to pass Module 6, 7, 8 or 9 respectively on and after 1 January 2012?

They are required to pass Module 6, 7, 8 or 9, unless they possess relevant working experience as listed in Annex 1A, 2A, 3A or 4A, or –

- (i) they are existing appointed representatives who have been conducting relevant regulated activity immediately before 19 October 2011 and continue to conduct such regulated activities on or after 19 October 2011;
- (ii) their principal has lodged with the Authority documents under section 23F of the FAA, in relation to their appointment as an appointed representative before 1 January 2012; or
- (iii) there is no break in service of more than 6 months between their last working experience as a representative conducting relevant regulated activities and the date of their principal's lodgment with the Authority of documents under section 23F of the FAA, in relation to their appointment as an appointed representative.

Module 7 is discontinued and replaced with Module 6A with effect from 1 January 2012. They will be exempted from the requirement to pass Module 6A if they possess certain qualifications set out in paragraph 18B of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (FAA-N13).

Q25. Do degrees which include finance-related content qualify for exemption from Module 6A, 8A or 9A?

Only a degree or higher qualification majoring in or with emphasis in finance, financial engineering or computational finance will qualify for exemption as stated in paragraph 18B of the FAA Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Adviser and Exempt Financial Adviser (Notice FAA-N13). The exemption list for the new modules has been kept focused on the finance discipline to effectively raise minimum standards, in keeping with the intent of enhancing representatives' knowledge of complex products.

Continuing Professional Development

Q26. MAS expects appointed representatives who engage in the provision of financial advisory services to undergo continuing education. Are there any guidelines on the types of courses these appointed representatives are required to attend and is there a requirement for them to undergo a certain number of hours of continuous education per year?

As mentioned in the Public Consultation on Recommendations of the Financial Advisory Industry Review (FAIR Consult) dated 5 March 2013 and MAS' Response to the FAIR Consult dated 30 September 2013, it is proposed that FA representatives undergo at least 30 hours of structured Continuing Professional Development (CPD) training annually, with the exception of representatives who only advise on or arrange mortgage reducing term assurance policies and/or group term life insurance policies. The latter group is required to undergo 16 hours of CPD training instead. Out of the minimum 30 or 16 CPD hours as applicable, four hours of training must be in Ethics and eight hours in Rules and Regulations. MAS will be introducing the relevant regulation in due course and will also be issuing a set of guidelines to provide guidance to the industry on the type of product seminars that can be regarded as fulfilling the CPD requirements.

[Amended 10 January 2014]