

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

FREQUENTLY ASKED QUESTIONS*
[Cancelled on 16 January 2004]

Q1. Why is MAS introducing new examination requirements and not continuing with the old examination requirements?

The Capital Markets and Financial Advisory Services Examination ("CMFAS Exam") requirements are introduced to accommodate the new modular licensing framework under the Securities and Futures Act ("SFA") and the Financial Advisers Act ("FAA"). The old examination requirements, which were broadly based on the type of licences issued under the previous legislation, are no longer relevant with the SFA and the FAA having come into force.

MINIMUM ACADEMIC QUALIFICATION REQUIREMENTS

Q1. For individuals who intend to apply for a representative's licence or act as an exempt financial adviser's representative, what are the minimum academic qualification requirements which they have to satisfy?

For individuals who sat for their GCE 'O' Level Examinations after the year 1980, they are required to obtain qualifications higher than or equal to at least 4 GCE 'O' Level credit passes.

For individuals who sat for their GCE 'O' Level Examinations before or during the year 1980 and did not satisfy the 4 GCE 'O' Level credit passes, they will be allowed to apply for a representative's licence or to act as an exempt financial adviser's representative if they have obtained at least 2 GCE 'O' Level credit passes and a pass in the Basic Competency Examination administered by the Singapore College of Insurance. Please refer to paragraphs 12A and 31A of the Notice for details.

Q2. I was previously a broking staff carrying on direct life insurance broking activities but I have left the industry since November 2001. I do not satisfy the minimum academic qualification requirements but I intend to join a licensed financial adviser to carry out the same activities. Will MAS consider my application for a representative's licence?

As long as you were carrying out direct life insurance broking activities before 1 October 2001 and subsequently ceased to carry out such activity between 1 October 2001 and 30 September 2002, MAS will consider your application for the grant of a representative's licence provided you satisfy the other minimum entry requirements specified in the Notice. Please refer to paragraphs 12, 12A and 13 of the Notice for more details.

Q3. Can the GCE 'O' Level credit passes required under the minimum academic qualification requirements be obtained from more than one sitting?

Yes.

Q4. I have never engaged in the provision of financial advisory services but am keen to apply for a representative's licence under the FAA. I do not have 4 GCE 'O' Level credit passes. What should I do?

If you have sat for your GCE 'O' Level Examinations before or during the year 1980 and have obtained at least 2 GCE 'O' Level credit passes, you will need to pass the Basic Competency Examination before you can apply for a representative's licence under the FAA.

If you have sat for your GCE 'O' Level Examinations after the year 1980, you will need to have at least 4 GCE 'O' Level credit passes or its equivalent before you can apply for a representative's licence under the FAA

Q5. I have obtained 3 GCE 'O' Level credit passes. Can I act as an exempt financial adviser's representative?

If you have sat for your GCE 'O' Level Examinations before or during the year 1980, you are allowed to act as an exempt financial adviser's representative only if you pass the Basic Competency Examination. This is subject to you satisfying the other minimum entry and CMFAS Exam requirements stipulated in the Notice,

If you have sat for your GCE 'O' Level Examinations after the year 1980, you will need to have at least 4 GCE 'O' Level credit passes or its equivalent before you can act as an exempt financial adviser's representative

CMFAS EXAM REQUIREMENTS

Q1. Is there any exemption under the CMFAS Exam requirements for a person who possesses a degree, professional qualification or relevant work experience?

If you possess the specified qualifications or work experience stipulated in the Notice, you will be exempt from the requirement to pass certain product knowledge and analysis modules under the CMFAS Exam. Details are available at Annexes 1-3 of the Notice. However, you are required to pass Module 5 on Rules and Regulations for Financial Advisory Services, unless you qualify to complete a non-examinable course on Module 5 by 30 November 2003, in lieu of passing Module 5.

Q2. I intend to apply for a representative's licence to issue research reports concerning investment products. Which modules of the CMFAS Exam do I have to pass?

Persons who issue or promulgate analyses or reports are not required to comply with the CMFAS Exam requirements. They are also not required to complete a non-examinable course on Module 5 of the CMFAS Exam by 30 November 2003, in lieu of passing Module 5.

Q3. I intend to apply for a representative's licence to provide advice on foreign exchange and leveraged foreign exchange. How does the CMFAS Exam affect me?

Persons who provide advice on foreign exchange and leveraged foreign exchange are not required to comply with the CMFAS Exam requirements. They are also not required to complete a non-examinable course on Module 5 of the CMFAS Exam by 30 November 2003, in lieu of passing Module 5.

Q4. For persons who provide financial advisory services to specific groups of persons referred to in paragraphs 17 and 36 of the Notice, are they required to complete a non-examinable course on Module 5 by 30 November 2003, in lieu of passing Module 5?

The requirement to complete a non-examinable course on Module 5 by 30 November 2003 do not apply to persons who provide financial advisory

services to specific groups of persons referred to in paragraphs 17 and 36 of the Notice.

Q5. How would the CMFAS Exam requirements affect me if I am 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 Exam requirements do not apply to you. The CMFAS Exam requirements only apply to individuals intending to provide financial advisory services on behalf of a licensed financial adviser or exempt financial adviser (i.e. a person who is exempt from holding a financial adviser's licence under section 23(1)(a) – (e) of the FAA). Should you subsequently apply for a representative's licence or if you intend to commence the provision of financial advisory services with an exempt financial adviser, you will have to comply with the CMFAS Exam requirements.

Q6. I am exempt from holding a representative's licence for giving advice on bonds to accredited investors. Am I subject to the CMFAS Exam requirements?

The CMFAS Exam requirements do not apply to you so long as you confine your activity to giving advice on bonds to (i) a person whose business involves the acquisition and disposal of, or the holding of, capital markets products; or (ii) an accredited investor. This is spelt out in paragraphs 17(a) and 36(b) of the Notice.

Q7. Which product knowledge and analysis papers under the old examination requirements do I need to pass if I intend to submit an application for a representative's licence under the FAA between 1 October 2002 and 30 November 2002 (both dates inclusive)?

This would depend on the types of financial advisory service you intend to provide. Please refer to the following table for the list of product knowledge and analysis papers under the old examination requirements that are relevant to each type of financial advisory service under the FAA.

Type of Financial Advisory Service	Old Examination Requirements
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Advising others concerning securities (excluding collective investment schemes)	Paper II of Investment Representatives' Examination ("IRE") or Paper II of Trading Representatives' Examination ("TRE")
Advising others concerning futures contracts	Nil
Advising on and/or marketing of collective investment schemes	Paper II of IRE or Paper II of TRE
Advising on and/or arranging life policies (whether or not including investment-linked life insurance policies)	Certificate in Life Insurance Certificate in Life Insurance (Investment-linked Life Insurance Policies) Certificate in Financial Needs Analysis

Q8. Prior to 1 October 2002, I was licensed to provide advice on securities (including collective investment schemes). Do I need to pass Modules 5, 6 and 8 of the CMFAS Exam in order to continue with the same activity? What happens if I wish to expand my existing activity to include advising on and arranging of life policies?

Under paragraph 20 of the Notice, as long as you were providing advice on securities before 1 October 2002 and continue with this activity on or after 1 October 2002, you are not required to pass Modules 5, 6 and 8 of the CMFAS Exam. However, you are required to complete a non-examinable course on Module 5 by 30 November 2003, in lieu of passing Module 5.

If you intend to expand your activity to include the provision of advice on and arrange life policies on or before 30 November 2002, you are required to pass the following examinations (unless you are otherwise exempt) which will continue to be offered by the Singapore College of Insurance ("SCI") until 30 November 2002:

- (a) Certificate in Life Insurance;
- (b) Certificate in Life Insurance (Investment-linked Life Insurance Policies); and
- (c) Certificate in Financial Needs Analysis

If you intend to expand your activity to include the provision of advice on and arrange life policies on or after 1 December 2002, you are required to pass Module 9 of the CMFAS Exam (unless you are otherwise exempt). Please refer to paragraphs 20-23 of the Notice for more details.

In addition, if you provide advice on any life policy which includes benefits relating to medical expense, disability income, long term care and critical illness, you are required to obtain the qualification in Health Insurance before you can provide advice on or arrange such policies, unless you fall under paragraph 4 of the Circular 71/2001 (Training and Competency Requirement: Health Insurance Module) dated 22 December 2001 issued under the Insurance Act (Cap. 142).

Q9. I have passed Papers I and II of IRE and intend to apply for a representative's licence under the FAA to provide advice on securities. Am I affected by the CMFAS Exam requirements?

If you intend to apply for a representative's licence to provide advice on securities between 1 October 2002 and 30 November 2002, you are only required to complete a non-examinable course on Module 5 by 30 November 2003 if you have passed Paper I of IRE within 2 years before the date of application. Otherwise, you are required to pass Module 5 by 31 May 2003 subsequent to the grant of the representative's licence. Details are at paragraph 25 of the Notice.

If you intend to apply for a representative's licence to provide advice on securities between 1 December 2002 and 30 November 2003, you do not need to pass Module 6 of the CMFAS Exam as you have already passed Paper II of IRE. Please refer to paragraph 16 and Annex 1 of the Notice for details. However, you are required to pass Module 5 of the CMFAS Exam, unless you have passed Paper I of IRE at any time with 1 year before the date of your application, in which case, you only need to complete a non-examinable course on Module 5 by 30 November 2003. Details are at paragraph 27(i) of the Notice.

Q10. I had earlier submitted an application for an investment representative's licence under the repealed Securities Industry Act to provide advice on securities before the commencement of the FAA, and the application has yet to be approved by MAS. I have passed Papers I and II of IRE. Am I required to pass Module 5 and 6 of the CMFAS Exam before MAS will consider my application?

You are not required to pass Module 6 as you have already passed Paper II of IRE. However, subsequent to the grant of the licence, you are required to complete a non-examinable course on Module 5 by 30 November 2003, in lieu of passing Module 5. Details are at paragraph 24 of the Notice.

Q11. I intend to submit an application for a representative's licence to provide advice on securities between 1 October 2002 and 30 November 2002 but have not passed the relevant modules under the old examination requirements. What should I do?

You are required to pass Paper II of IRE or Paper II of TRE before you can apply for a representative's licence. You are also required to pass Module 5 of the CMFAS Exam by 31 May 2003 subsequent to the grant of the licence. Please refer to paragraph 25 of the Notice for details.

Q12. I am required to complete a non-examinable course on Module 5 by 30 November 2003. Where can I attend such course?

You may attend the non-examinable course on Module 5 organised by SCI or an in-house course on Module 5 conducted by your financial adviser or by trainers appointed by your financial adviser.

Q13. Are financial advisers required to obtain MAS' prior approval if they wish to conduct in-house courses on Module 5 for their representatives or appoint trainers to conduct these courses?

Financial advisers are not required to obtain MAS' approval if they conduct in-house courses on Module 5 or appoint trainers to conduct these courses. Instead, financial advisers should ensure that the in-house courses conducted by them or the trainers appointed by them meet the following requirements:

- (a) Each course must be at least 3 hours in duration and be based on the contents of SCI's study guides and textbooks for Module 5; and
- (b) Individuals appointed to conduct the training course must be proficient in the subject matter tested in Module 5, and must have passed Module 5, or otherwise possess the relevant expertise and experience.

Please refer to paragraphs 21 and 40 of the Notice.

Q14. Who would normally be considered as possessing the relevant expertise and experience to conduct the training course on Module 5?

The Authority will normally consider someone who has passed Module 5 or has dealt with rules and regulations relating to FAA as someone who has possessed the relevant experience and expertise. Nevertheless, the onus is on the financial advisers to ensure that the trainers they appoint possess the relevant experience and expertise to conduct the course on Module 5.

Q15. I intend to submit an application for a representative's licence to provide advice on futures contracts before 1 December 2002. Which product knowledge and analysis papers under the old examination requirements do I need to pass?

If you submit your application between 1 October 2002 and 30 November 2002 (both dates inclusive), you are not required to pass any product knowledge and analysis paper under the old examination requirements. However, if you submit your application on or after 1 December 2002, you are required to pass Module 7 of the CMFAS Exam (unless you are otherwise exempt).

The requirement relating to Module 5 is stipulated in paragraph 25 of the Notice (if you submit the application before 1 December 2002) or paragraphs 26 and 27 (if you submit the application on or after 1 December 2002).

Q16. I am currently providing advice on and arranging life policies (excluding investment-linked life insurance policies). I intend to expand my activity to include advising on and arranging investment-linked life insurance policies. What should I do?

If you intend to provide advice on and arrange investment-linked life insurance policies on or before 30 November 2002 and have not previously passed the Certificate in Life Insurance (Investment-linked Life Insurance Policies), you are required to pass this examination (unless you are otherwise exempt) before you can commence the activity. If you intend to provide advice on and arrange investment-linked life insurance policies on or after 1 December 2002, you are required to pass Module 9 of the CMFAS Exam

(unless you are otherwise exempt). Details are available at paragraphs 22, 23, 41 and 42 of the Notice.

Q17. I hold a deemed representative's licence under the FAA to provide advice on securities. If I wish to transfer to another principal to conduct the same activity, do I need to take the relevant modules of the CMFAS Exam?

You are not required to take Module 6 of the CMFAS Exam. However, you are required to complete the non-examinable course on Module 5 by 30 November 2003, in lieu of passing Module 5 if you have not already done so. Please refer to paragraph 20 of the Notice.

Q18. I was employed with a bank to provide advice on securities and market collective investment schemes on 1 October 2002 and have not passed any examinations. What examination requirements am I subject to if I intend to apply for a representative licence under the FAA to carry out the same activities with a licensed financial adviser and if I intend to carry out the same activities with another exempt financial adviser?

Under paragraph 39 of the Notice, as long as you were providing advice on securities and marketing collective investment schemes before 1 October 2002 and continue with these activities on or after 1 October 2002, you are not subject to any examination requirements if you subsequently apply for a representative's licence to carry out the same activities with a licensed financial adviser or if you carry out the same activities with another exempt financial adviser. However, you are required to complete the non-examinable course on Module 5 by 30 November 2003, in lieu of passing Module 5 if you have not already done so.

Q19. Prior to 1 October 2002, I am employed with a bank to provide advice on and arrange life policies and continue with these activities on 1 October 2002. Am I affected by the CMFAS Exam requirements?

The following categories of representatives are allowed to continue the provision of financial advisory services in respect of life policies and are not subject to the CMFAS Exam requirements:

- (a) Representatives who have commenced the provision of advice on and arrange life policies (excluding investment-linked life policies) prior to 1 July 2001 and possess Certificate in Life Insurance or its

equivalent and had attended a non-examinable course on Certificate in Financial Needs Analysis by 31 December 2001, in lieu of passing;

- (b) Representatives who have commenced the provision of advice on and arrange life policies (including investment-linked life policies) prior to 1 July 2001 and possess Certificate in Life Insurance, Certificate in Life Insurance (Investment-linked life insurance policies) and had attended a non-examinable course on Certificate in Financial Needs Analysis by 31 December 2001, in lieu of passing;
- (c) Representatives who have commenced the provision of advice on and arrange life policies (including investment-linked life policies) between 1 July 2001 and 1 Oct 2002 and possess Certificate in Life Insurance and Certificate in Financial Needs Analysis or their equivalents; and
- (d) Representatives who have commenced the provision of advice on and arrange life policies (including investment-linked life policies) between 1 July 2001 and 1 Oct 2002 and possess Certificate in Life Insurance, Certificate in Life Insurance (Investment-linked life insurance policies) and Certificate in Financial Needs Analysis or their equivalents.

However, these representatives are required to complete a non-examinable course on Module 5 of the CMFAS Exam by 30 November 2003, in lieu of passing Module 5. Details are at paragraphs 39 and 40 of the Notice.

Q20. Are existing representatives of banks, merchant banks and finance companies who wish to expand their activities to include advising on securities and/or marketing of collective investment scheme required to pass any examinations?

If the existing representatives intend to expand their activities to include the provision of advice on securities and/or marketing of collective investment schemes on or before 30 November 2002, they are not required to pass any examination.

If they intend to expand their activities to include the provision of advice on securities and/or marketing of collective investment schemes on or after 1 December 2002, they are required to pass Module 8 of the CMFAS Exam

(unless they are otherwise exempt). Please refer to paragraphs 41 and 42 for details.

Besides the product knowledge and analysis papers mentioned above, they are also required to complete a non-examinable course on Module 5 of the CMFAS Exam by 30 November 2003, in lieu of passing Module 5. Details are at paragraphs 39 and 40 of the Notice.

Q21. For existing representatives of banks, merchant banks and finance companies who intend to expand their activity to include advising on and arranging life policies (including investment-linked life insurance policies) and have not taken any insurance examinations, what examination requirements are they subject to with respect to their new activity?

If the existing representatives intend to provide advice on and arrange life policies on or before 30 November 2002, they are required to pass the following examinations (unless they are otherwise exempt):

- (a) Certificate in Life Insurance;
- (b) Certificate in Life Insurance (Investment-linked life insurance policies); and
- (c) Certificate in Financial Needs Analysis

If they intend to provide advice on and arrange life policies on or after 1 December 2002, they are required to pass Module 9 of the CMFAS Exam (they are otherwise exempt). Please refer to paragraphs 41 and 42 for details.

In addition, if they provide advice on or arrange any life policy which includes benefits relating to medical expense, disability income, long term care and critical illness, you are required to obtain the qualification in Health Insurance before you can provide advice on or arrange such policies, unless you fall under paragraph 7 or 8 of MAS Notice 117 (Training and Competency Requirement: Health Insurance Module) dated 31 December 2002 issued under the Insurance Act (Cap. 142).

Besides the product knowledge and analysis papers mentioned above, they are also required to complete a non-examinable course on Module 5 of the CMFAS Exam by 30 November 2003, in lieu of passing Module 5. Details are at paragraphs 39 and 40 of the Notice.

Q22. I am currently providing advice on and arranging life policies as a life insurance adviser. I intend to expand my activity to include advising on and marketing collective investment schemes. What should I do?

If you intend to provide advice on and market collective investment schemes on or before 30 November 2002 and have not previously passed Paper II of IRE or Paper II of TRE, you are required to pass either of these papers. If you intend to provide advice on and market collective investment schemes on or after 1 December 2002, you are required to pass Module 8 of the CMFAS Exam (unless you are otherwise exempt). Details are available at paragraphs 41 and 42 of the Notice.

Q23. For new representatives of banks, merchant banks and finance companies who intend to commence the provision of advice on securities and/or marketing of collective investment schemes, what examination requirements are they subject to?

If the new representatives intend to provide advice on securities and/or marketing of collective investment schemes on or before 30 November 2002, they are not required to pass the relevant papers under the old examination requirements. However, they are required to complete a non-examinable course on Module 5 by 30 November 2003, in lieu of passing Module 5. Please refer to paragraphs 43 and 44 for details

If they intend to provide advice on securities and/or marketing of collective investment schemes on or after 1 December 2002, they are required to pass Modules 5, 6 & 8 of the CMFAS Exam. Please refer to paragraphs 45 and 46 for details.

Q24. For new representatives of banks, merchant banks and finance companies who intend to provide advice on and arranging life policies (including investment-linked life insurance policies), what examination requirements are they subject to?

If the new representatives intend to provide advice on and arrange life policies on or before 30 November 2002, they are required to pass the following examinations (unless they are otherwise exempt):

- (a) Certificate in Life Insurance;

- (b) Certificate in Life Insurance (Investment-linked life insurance policies); and
- (c) Certificate in Financial Needs Analysis

In addition, they are required to complete a non-examinable course on Module 5 by 30 November 2003, in lieu of passing Module 5.

If they intend to provide advice on and arrange life policies on or after 1 December 2002, they are required to pass Modules 5 and 9 of the CMFAS Exam. Please refer to paragraphs 45 and 46 for details.

Q25. Is continuing education required for the renewal of a representative's licence under the FAA?

Yes.

Q26. For persons who provide financial advisory services to specific groups of persons as stipulated in paragraphs 17 and 36 of the Notice, are they required to comply with the continuing education requirements?

Yes.

Q27. MAS expects representatives who engage in the provision of financial advisory services to undergo continuing education. Are there any guidelines on the types of courses these representatives are required to attend and is there a requirement for them to undergo a certain number of hours of continuous education per year?

MAS is prepared to accept any relevant training courses undertaken by the representatives, including talks, conferences, seminars and courses conducted in-house or by external organisers. The training courses can be of any duration. However, representatives who provide advice on and/or arrange life policies are expected to observe the Guidelines on Company's Training and Competency ("T&C") Plan for Life Insurance Advisors issued by the Life Insurance Association of Singapore.

* Last revised on 20 June 2003.