

**FREQUENTLY ASKED QUESTIONS (“FAQs”)  
ON ENTITIES EXEMPT UNDER THE FOLLOWING PROVISIONS**

- **PARAGRAPH 7(1)(b)<sup>1</sup> OF THE SECOND SCHEDULE TO THE SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) REGULATIONS [SF(LCB)R’] (RG 10)**
- **REGULATION 27(1)(d)<sup>2</sup> OF THE FINANCIAL ADVISERS REGULATIONS (RG 2)**
- **PARAGRAPH 3(1)(d)<sup>3</sup> AND/OR 3A(1)(d)<sup>4</sup> OF THE SECOND SCHEDULE TO THE SF(LCB)R**

**(The entities are collectively referred to as “exempt persons”)**

**Disclaimer:**

**Exempt persons referred to in these FAQs are not licensed by the Monetary Authority of Singapore (“MAS”). They have informed MAS that they intend to operate under the exempt regime and are thus exempted from licensing and business conduct requirements under the Securities and Futures Act 2001 (“SFA”) and/or the Financial Advisers Act 2001 (“FAA”) and the relevant Regulations.**

**These FAQs are meant to provide guidance on the regulatory requirements that an exempt person is expected to comply with under the SFA and/or the FAA and the relevant Regulations. They do not constitute legal advice. If in doubt, MAS expects industry participants to seek independent legal opinion, to ensure that they continue to satisfy all legal and regulatory requirements.**

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<sup>1</sup> For carrying on business in Singapore in giving corporate finance advice only to accredited investors, expert investors or institutional investors, provided such advice is not specifically given for the making of any offer of specified products to the public by the accredited investor, expert investor or institutional investor to whom the advice was given. Where the accredited investor, expert investor or institutional investor is a public company, listed on the approved exchange, or a subsidiary of a corporation listed on an approved exchange, the circulation of such advice is restricted to that which is specified in Paragraph 7(1)(b)(ii) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10). [Amended on 8 October 2018]

<sup>2</sup> For providing financial advice in Singapore, either directly or through publications or writings or by issuing or promulgating research analyses or reports, concerning any investment product (other than life policies) to not more than 30 accredited investors on any occasion.

<sup>3</sup> For carrying on business in dealing in capital markets products that are block futures contracts through an office or a branch of the corporation in Singapore (whether or not the corporation is formed, incorporated or existing in Singapore) under the following circumstances: the corporation is not a holder of a capital markets services licence for any other regulated activity; the corporation carries on the specified futures business with accredited investors, expert investors or institutional investors only; the corporation is a fit and proper person to carry on the specified futures business; the corporation carries on the specified futures business through representatives who are fit and proper persons to carry out dealing in capital markets products that are block futures contracts as the corporation’s representatives; in carrying on the specified futures business, the corporation — does not carry any customer’s positions, margin or account in its books; does not accept money or assets from any customer as settlement of, margin for, as a guarantee for, or as security for, any block futures contract; is not, whether as principal or agent, a party to any block futures contract; does not have the right to enter an order on any approved exchange or recognised market operator; and does not have the right to clear or settle a trade on any approved clearing house or recognised clearing house.

<sup>4</sup> For carrying on business in dealing in capital markets products that are OTC derivatives contracts through an office or branch of the corporation in Singapore (whether or not the corporation is formed, incorporated or existing in Singapore) under the following circumstances: the corporation is not a holder of a capital markets services licences for any other regulated activity; the corporation carries on the specified derivatives business with accredited investors, expert investors or institutional investors only; the corporation is a fit and proper person to carry on the specified derivatives business; the corporation carries on the specified derivatives business through representatives who are fit and proper persons to carry out dealing in capital markets products that are OTC derivatives contracts as the corporation’s representatives; in carrying on the specified derivatives business, the corporation — does not carry any customer’s positions, margin or account in its books; does not accept money or assets from any customer as settlement of, margin for, as a guarantee for, or as security for, any OTC derivatives contract; is not, whether as principal or agent, a party to any OTC derivatives contract; does not have the right to enter an order on any approved exchange or recognised market operator; and does not have the right to clear or settle a trade on any approved clearing house or recognised clearing house.

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**I. CRITERIA FOR EXEMPTION**

**Q1 Who can be exempted under these provisions?**

A1 The exempt provisions refer to the following:

- (i) exempt corporate financial advisors, who are limited to serving only accredited investors, expert investors or institutional investors; and
- (ii) exempt financial advisors, who are limited to serving up to 30 accredited investors.

(Please refer to Section IV on the types of persons who are considered qualified and accredited investors, expert investors or institutional investors.)

In the case of a registered fund manager who is also an exempt financial adviser, the total number of qualified investors and accredited investors served should not exceed 30 in total. Persons intending to operate under the exempt regime are encouraged to seek legal advice on whether their business model qualifies for the exemption. **In the event of any contravention of the applicable laws and regulations, regulatory actions against the corporation and/or the individual will be taken.**

[Amended on 8 October 2018]

**Q2 What are the pre-requisites that must be met by an exempt person?**

A2 Under the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) ["SFR"] and the Financial Advisers Regulations (Rg 2) ["FAR"], it is a requirement for an exempt person to be fit and proper. In this regard, an exempt person must be able to satisfy and demonstrate to MAS that it meets the fit and proper criteria in respect of honesty, integrity and reputation; competence and capability; and financial soundness, as stated in the Guidelines on Fit and Proper Criteria [Guidelines No. FSG-G01]. The fit and proper requirements have to be met on an on-going basis, and are also applicable to the exempt person, including its key officers and controllers,

For more information on the fit and proper requirements, please refer to the Guidelines on Fit and Proper Criteria [Guidelines No. FSG-G01] which are available on the MAS website at [www.mas.gov.sg](http://www.mas.gov.sg).

We would like to highlight that under sections 114(1) and (3) of the Financial Advisers Act 2001 ("FAA") and sections 329(1) and (3) of the Securities and Futures Act 2001 ("SFA"), any person who furnishes MAS with any information under these Acts shall use due care to ensure that the information is not false or misleading in any material particular and any person who signs any document lodged with MAS shall use due care to ensure that the document is not false or misleading in any material particular. Any person who contravenes this requirement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 (under the SFA) or a fine not exceeding \$25,000 (under the FAA) or to imprisonment for a term not exceeding two years or to both.

[Amended on 4 June 2019]

[Amended on 23 March 2023]

**Q3** [Deleted on 23 March 2023]

**Q4 My company is based outside of Singapore. Can I operate as an exempt person in Singapore by appointing a local contact person?**

A4 It is a requirement for an exempt person to be "resident in Singapore", with its operations based in Singapore. An exempt person lodged with MAS would be in contravention of the law if the person is a shell entity with no business operations in Singapore. The

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exempt person is expected to appoint a resident director who will be accountable for the company's day to day operations.

**II. LODGEMENT FOR COMMENCEMENT OF BUSINESS AS AN EXEMPT PERSON**

**Q5 For the purpose of operating as an exempt person, what forms do I need to lodge and where can I obtain these forms?**

**A5** Any entity who wishes to operate as an exempt person is required to submit to MAS the following forms, not later than 14 days after the date of commencement of business:

<b>Act</b>	<b>Exempt Person</b>	<b>Form</b>	<b>Links to the Forms</b>
SFA	Exempt Corporate Finance Adviser	22	<a href="https://www.mas.gov.sg/regulation/forms-and-templates/form-22--notice-of-commencement-of-business-by-person-exempted-from-holding-capital-markets-services-licence-to-carry-on-business-in-advising-on-corporate-finance-under-paragraph-71b-of-the-second-schedule-to-the-regulations">https://www.mas.gov.sg/regulation/forms-and-templates/form-22--notice-of-commencement-of-business-by-person-exempted-from-holding-capital-markets-services-licence-to-carry-on-business-in-advising-on-corporate-finance-under-paragraph-71b-of-the-second-schedule-to-the-regulations</a>
SFA	Exempt Brokers	30	<a href="https://www.mas.gov.sg/regulation/forms-and-templates/form-30-commencement-of-business-exempt-person-for-futures-contracts-otc-derivative-contracts">https://www.mas.gov.sg/regulation/forms-and-templates/form-30-commencement-of-business-exempt-person-for-futures-contracts-otc-derivative-contracts</a>
FAA	Exempt Financial Adviser	20	<a href="https://www.mas.gov.sg/regulation/forms-and-templates/form-20--notice-of-commencement-of-business-by-persons-exempt-from-holding-a-financial-advisers-licence-under-section-231f-read-with-regulation-271d">https://www.mas.gov.sg/regulation/forms-and-templates/form-20--notice-of-commencement-of-business-by-persons-exempt-from-holding-a-financial-advisers-licence-under-section-231f-read-with-regulation-271d</a>

**NOTE:** All lodgements with MAS must be made using the latest version of the forms which are available on the MAS website. Copies of the relevant documentation must be submitted in accordance with the requirements stated in the form. This is to avoid delays in the processing of the company's lodgement.

[Amended on 7 August 2012]

[Amended on 8 October 2018]

[Amended on 23 March 2023]

**Q6 Where should I send the completed form(s) to?**

A6 You should submit the completed form(s) in a machine-readable format (e.g., MS Word) to the following:

<b>Form</b>	
SFA (Form 22)	<a href="https://go.gov.sg/noticeofcommencementofbusiness-form22">https://go.gov.sg/noticeofcommencementofbusiness-form22</a>
SFA (Form 30)	<a href="https://go.gov.sg/noticeofcommencementofbusiness-form30">https://go.gov.sg/noticeofcommencementofbusiness-form30</a>
FAA (Form 20)	<a href="https://go.gov.sg/noticeofcommencementofbusiness-form20">https://go.gov.sg/noticeofcommencementofbusiness-form20</a>

[Amended on 8 October 2018]  
[Amended on 23 March 2023]

**Q7** [Deleted on 23 March 2023]

**Q7A When can I commence business?**

A7A You may commence business as an exempt person, on the condition that you comply with the applicable requirements, including those set out in the SFA and/or FAA and the relevant Regulations, Notices and Guidelines. Please note that exempt person is required to notify the MAS of its commencement of business via the lodgement of a Form, not later than 14 days after the date of commencement of its business.

[Amended on 23 March 2023]

**Q8 Can I get a certification from MAS that I am an exempt person or have submitted a notification to MAS to be an exempt persons?**

A8 MAS will be notified of the commencement of business upon receipt of the notification form(s) but MAS does not provide certification or acknowledgment to exempt persons as exempt persons are not licensed, regulated, supervised or registered by MAS. Anyone who wishes to deal with an exempt person should exercise due care and conduct his/her own due diligence.

[Amended on 23 March 2023]

**Q8A In addition to the notice of commencement of business, are there any obligations that an exempt person must comply with?**

A8A Yes, in addition to the notice of commencement of business set out in FAQ Q5, an exempt person is required to:

- i. Comply with the Terrorism (Suppression of Financing) Act (Chapter 325) and regulations relating to the relevant resolutions of the United Nations Security Council;
- ii. Subscribe to:
  - a. STRO Online Notices and Reporting Platform (“SONAR”) user account<sup>5</sup> with the Suspicious Transaction Reporting Office (“STRO”) of the Commercial Affairs Department;

<sup>5</sup> Please visit <https://www.police.gov.sg/sonar> and login with your CorpPass credentials to register for an account. You may email [SPF\\_STRO\\_IT\\_Team@spf.gov.sg](mailto:SPF_STRO_IT_Team@spf.gov.sg) if you encounter any technical problems.

- b. MAS' email update service for Anti-Money Laundering/ Countering the Financing of Terrorism announcements<sup>6</sup> and
- c. MASNET Basic Services Account<sup>7</sup>;
- iii. File a suspicious transaction report with STRO if any suspicious transactions are encountered. This reporting requirement is provided for under Section 39 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Chapter 65A).

[Amended on 23 March 2023]

### **III. ONGOING REGULATORY REQUIREMENTS OF AN EXEMPT PERSON**

#### **Q9 What are the ongoing reporting requirements of an exempt person?**

A9 An exempt person is required to submit the following forms to MAS on an ongoing basis<sup>8</sup>:

<b>Type of reporting</b>	<b>Exempt Person</b>	<b>Forms</b>	<b>Requirements</b>
Notice of <u>change in particulars</u>	Exempt Corporate Financial Adviser	(SFA) Form 23	To be submitted <u>within 14 days</u> after date of change
	Exempt Broker	(SFA) Form 31	
	Exempt Financial Adviser	(FAA) Form 21	
Notice of <u>cessation of business</u>	Exempt Corporate Financial Adviser	(SFA) Form 24	To be submitted <u>within 14 days</u> after date of cessation
	Exempt Broker	(SFA) Form 32	
	Exempt Financial Adviser	(FAA) Form 22	
<u>Annual declaration</u>	Exempt Corporate Financial Adviser	(SFA) Form 25	To be submitted <u>within 14 days</u> after the end of <u>the financial year of exempt person</u>
	Exempt Broker	(SFA) Form 33	
	Exempt Financial Adviser	(FAA) Form 23	

[Amended on 8 October 2018]

[Amended on 23 March 2023]

#### **Q9A Where should I send the completed forms to?**

<sup>6</sup> Please access the following link and subscribe to email updates on “Anti-Money Laundering” <https://www.mas.gov.sg/regulation/anti-money-laundering>.

<sup>7</sup> MASNET is a web-based communications network operated by MAS to provide an efficient and secure communication channel for Singapore’s financial sector. Please follow the MASNET application at <https://masnet.gov.sg/portal/downloads/> to apply for a MASNET Basic Services Account. For enquiries on MASNET services and technical assistance, please contact the MAS Helpdesk or [helpdesk@mas.gov.sg](mailto:helpdesk@mas.gov.sg).

<sup>8</sup> MAS may, from time to time, make changes to the provisions under this exemption regime or impose new requirements. While MAS may consult the public on policy changes, exempt persons are required to be apprised of the changes in the relevant laws and regulations. You may wish to subscribe to the ‘Mailing List’ on the MAS website to be alerted of updates. You can sign up to be included in the Mailing List via the following link: <http://www.mas.gov.sg/News-and-Publications/MAS-Announcements>

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(Updated on 23 March 2023)

A9A You should submit the completed form(s) via MAS-Tx<sup>9</sup>. You may also wish to refer to the “Compliance Toolkit for Approvals, Notifications and Other Regulatory Submissions to MAS (for FIs conducting regulated activities under the SFA other than for fund managers and REIT managers)” for more information.

[Amended on 23 March 2023]

### **Q10 In addition to the ongoing reporting requirements, are there any ongoing obligations that an exempt person must comply with?**

A10 Yes, in addition to the ongoing reporting requirements set out in FAQ Q9, an exempt person is required to comply with the relevant exempt provisions and Notices, as well as to observe the Guidelines applicable to an exempt person. Besides maintaining operations in Singapore and satisfying fit and proper requirements mentioned in the Guidelines on Fit and Proper Criteria (Guideline No. FSG-G01), the company is required to comply with the applicable Regulations and Notices such as:

- a. (i) Notice to Capital Markets Intermediaries on Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. SFA 04-N02];  
and/or  
(ii) Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. FAA-N06].

You may also wish to refer to the relevant Guidelines on Prevention of Money Laundering and Countering the Financing of Terrorism;

- b. Monetary Authority of Singapore (Anti-terrorism Measures) Regulations 2002; and
- c. (i) Notice on Prohibited Representations by Exempt Financial Institutions under the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) [Notice No. SFA 04-N07]; and/or  
(ii) Notice on Prohibited Representations Made by Persons Exempted under regulation 27(1)(d) of the Financial Advisers Regulations (Rg 2) [Notice No. FAA-N10].

Additional information or updates needed for compliance with your ongoing obligations may only be sent to an exempt person via MASNET, which is a secured communication and data exchange channel between MAS and the financial institutions that MAS regulates. In order to comply with these obligations, an exempt person would need to subscribe to MASNET Basic Services Account to receive such notifications.

[Amended on 1 March 2022]

[Amended on 23 March 2023]

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<sup>9</sup> For general support on MAS-Tx, you may refer to MAS-Tx FAQ page (<https://eservices.mas.gov.sg/mastx/faq>) or contact helpdesk@mas.gov.sg.

**Q11 Under the Notice on “Prevention of Money Laundering and Countering the Financing of Terrorism” [SFA 04-N02 or FAA-N06], what are the relevant filing requirements applicable to an exempt person?**

A11 An exempt person is required to submit reports on suspicious transactions (including attempted transactions) to the Suspicious Transactions Reporting Office (STRO), Commercial Affairs Department of the Singapore Police Force. Suspicious transactions can be reported to STRO through the STRO Online Notices and Reporting Platform (SONAR). Where a suspicious transaction is reported to STRO via other channels, an exempt person should extend a copy to MAS.

The relevant forms can be found in the Notice on Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. SFA 04-N02 or Notice No. FAA-N06]

The Notices may be found via the following links:

Notice to Capital Markets Intermediaries on Prevention of Money Laundering and Countering the Financing of Terrorism [Notice No. SFA 04-N02]:

<https://www.mas.gov.sg/regulation/notices/notice-sfa-04-n02>

Prevention of Money Laundering and Countering the Financing of Terrorism – Financial Advisers [Notice No. FAA-N06]:

<https://www.mas.gov.sg/regulation/notices/notice-faa-n06>

[Amended on 8 October 2018]

[Amended on 23 March 2023]

**Q12 Being an exempt person, can I represent myself or my business as being ‘registered’ or ‘regulated’ by MAS?**

A12 No, an exempt person, including its representatives, cannot represent itself, nor cause to be represented, to any person as being licensed, regulated, supervised, or registered by MAS, whether verbally or in writing.

The relevant Notices may be found via the following links:

Notice on Prohibited Representations Made by Exempt Persons under the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) [Notice No. SFA 04-N07]

<https://www.mas.gov.sg/regulation/notices/notice-sfa-04-n07-on-prohibited-representations-made-by-exempt-persons>

Notice on Prohibited Representations Made by Persons Exempted under Regulation 27(1)(d) of the Financial Advisers Regulations (Rg 2) [Notice No. FAA-N10]

<https://www.mas.gov.sg/regulation/notices/notice-faa-n10>

[Amended on 23 March 2023]



**Q13 One of my key officers is under an investigation but has not been convicted of a wrongdoing. Do I need to notify MAS?**

A13 Yes, as stated in the Guidelines on Fit and Proper Criteria [Guideline No. FSG-G01], MAS requires the key officers and controllers of an exempt entity to be competent, honest, have integrity and to be of sound financial standing, and whether a relevant person has been the subject of any investigations or disciplinary proceedings as listed in paragraph 11(k) of the Guidelines is a factor which MAS takes into consideration in assessing the honesty, integrity and reputation of a relevant person. It is a requirement for an exempt person to make an assessment of the fitness and propriety of all the key officers and controllers prior to their appointment and on an ongoing basis.

An exempt person is required to notify MAS of any change in particulars set out in its notice of commencement of business and such particulars include the matters set out in “Fit and Proper Declaration for exempt person, key officer(s), and controller(s)”. Where there are subsequent changes to the status of the fitness and propriety of its key officers and controllers, the exempt person is to lodge a notice of change of particulars no later than 14 days after the date of the change. Should there be any doubts with regards to the fit and proper criteria, the exempt person should check with MAS immediately.

[Amended on 23 March 2023]

**Q14 What are the implications of contravening regulatory requirements?**

A14 MAS takes a serious view of contraventions by an exempt person. Regulatory actions will be taken against the corporation and/or the individual in the event of a breach of applicable laws and regulations. Contraventions will also be taken into consideration by MAS when deciding on future actions to take against the exempt person in the event of a subsequent contravention of applicable laws and regulations, or when considering any licensing application by the exempt person.

**Q15 I have not commenced my business since I had lodged a notification with MAS as an exempt person a year ago. Is my exemption still considered valid?**

A15 An exempt person is no longer exempt if he has not started operations within six months of the commencement date indicated in the lodgement form. You may make a re-lodgement when you are ready to commence your business.

**Q16 Are the representatives of an exempt person required to take the Capital Markets and Financial Advisory Services Examinations [“CMFAS Exams”]?**

A16 No, representatives of exempt persons are not required to take the CMFAS Exams.

**Q17 If I am currently an appointed, provisional or temporary representative of a holder of a Capital Markets Service (“CMS”) licence or a Financial Advisers (“FA”) licence, can I be a representative of an exempt person?**

A17 No. A person shall not be concurrently an appointed, provisional or temporary representative under the SFA or FAA and a representative of an exempt person for the same type of business or activity.

#### **IV. OTHERS**

**Q18** [Deleted on 7 August 2012]

**Q19** **Who does an “accredited investor”, “expert investor” or “institutional investor” refer to?**

A19 The definition of an “accredited investor” is stated in section 4A(1)(a) of the Securities and Futures Act read with regulation 2 of the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005 and regulation 2 of the Financial Advisers Regulations.

The definition of an “expert investor” is stated in section 4A(1)(b) of the Securities and Futures Act read with regulation 2 of the Financial Advisers Regulations.

The definition of an “institutional investor” is stated in section 4A(1)(c) of the Securities and Futures Act read with regulation 3 of the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005 and regulation 2 of the Financial Advisers Regulations.

[Amended on 8 October 2018]

**Q20** **Must I certify that the clients I approach are accredited investors, expert investors or institutional investors?**

A20 An exempt person is required to conduct its own due diligence to verify that its clients are of accredited/expert/institutional status. The due diligence checks should be supported by documentary evidence for proper audit trail. An exempt person is also required under the Notice on Prevention of Money Laundering and Countering the Financing of Terrorism to, among others, perform customer due diligence measures when establishing business relations with the customer.

In addition, an exempt person dealing with accredited investors (AIs) needs to obtain the investors’ opt-in (i.e. consent) to be treated as an AI, and maintain the relevant opt-in documentation for such investors.

Exempt persons are also expected to monitor if an investor continues to meet thresholds for accredited/expert/institutional investors.

[Amended on 8 October 2018]

**Q21** [Deleted on 23 March 2023]

**Q22** **What are the procedures for cessation of business by an exempt person?**

A22 An exempt person should ensure an orderly winding down of its business prior to cessation. This includes but is not limited to: (i) putting in place communication plans to ensure sufficient notice period has been given to its customers, business partners and other relevant stakeholders regarding its cessation; and (ii) discharging all customer obligations and ensuring that customer assets and/or monies have been accounted for and

returned to customers before it ceases. The exempt person is also required to file a notice of cessation of business in the prescribed form not later than 14 days after the cessation of its business.

<b>Type of reporting</b>	<b>Exempt Person</b>	<b>Forms</b>	<b>Requirements</b>
<u>Notice of cessation of business</u>	Exempt Corporate Financial Adviser	(SFA) Form 24	To be submitted <u>within 14 days</u> after date of cessation
	Exempt Broker	(SFA) Form 32	
	Exempt Financial Adviser	(FAA) Form 22	

[Updated on 11 April 2012]  
[Amended on 23 March 2023]