



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 in February 2013)

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 Entry Requirements

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

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

Q2. Can the GCE 'O' Level credit passes required under the minimum academic qualification requirements be obtained from more than one sitting?

Yes.

Examination Requirements

Q1. Some companies require their representatives to pass relevant CMFAS exams 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?

MAS places the onus on principals to satisfy themselves and certify to MAS that their representatives are fit and proper. The principal has to ensure that the 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. Principals 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 takes the view that the current educational background and/or work experience of existing or prospective representatives are insufficient, it may require that these be supplemented by additional educational qualifications, such as to pass certain CMFAS exams beyond what is strictly required by MAS. Existing and potential representatives should check directly with the compliance officer of their principal on the specific fit and proper requirements expected of them.

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

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

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

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

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

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

Q5. *Do the CMFAS Exam 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 Exam requirements do not apply to such persons. The CMFAS Exam requirements only apply to persons intending to provide financial advisory services on behalf of a licensed or exempt financial adviser (i.e. a person who is exempt from holding a financial adviser's licence under section 23(1)(a) to (e) of the FAA).

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

No.

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

No.

Q8. *Would a person who has passed the relevant CMFAS Exams more than 3 years ago, but did not commence any regulated activities, be required to re-take the CMFAS Exams 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 Exam before commencing the provision of financial advisory services. They are not required to re-take the Module(s) on product knowledge. 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?*

They are required to pass Module 5.

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 I 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 Exam?*

They are required to pass the relevant product knowledge modules under the CMFAS Exam before they can commence the provision of new financial advisory services.

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 Exam. In addition, if they provide advice on securities and marketing collective investment schemes which are Specified Investment Products, they are

required to pass Module 6A and 8A. They will be exempted from the requirement to pass Modules 6A and 8A if they meet the criteria as 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).

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 Exam. They will be exempted from the requirement to pass Module 9A if they meet the criteria as 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 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 the representative to provide advice on Excluded Investment Products only, the company should assess if there is a need for its representatives to pass Module 9A. We note that companies which offer life insurance policies frequently also offer investment-linked policies. As such, its representatives would need to consider the full suite of products offered by its principal companies before recommending particular product(s) to best meet their customers' needs. If a representative limits himself to only advising on certain of his principal'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's customers who already have investment-linked policies in their portfolios.

[Amended February 2013]

Q15. If a 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 company offers both life insurance policies and investment-linked policies, but sets up a specialised unit within the company which deals 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 February 2013]

Q16. 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?

MAS is prepared to accept any relevant training courses undertaken by the appointed representatives, including talks, conferences, seminars and courses conducted in-house or by external organisers. The training courses can be of any duration. However, appointed representatives who provide advice on and/or arrange life policies are expected to observe the Guidelines on Company's Training and Competency Plan for Life Insurance Advisors issued by the Life Insurance Association of Singapore.

Q17. Representatives currently providing financial advisory services on securities (which include Specified Investment Products) and futures contracts 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 in the interim?

They have until 30 June 2013 to pass Module 6A. In the interim, they will still be allowed to continue advising on securities (which include any Specified Investment Product) and futures contracts. If they 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 as 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).

Q18. 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.

Q19. 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 through 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).

Q20. *For existing appointed representative 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?*

Existing appointed representative providing financial advisory services have until 30 June 2013 to pass the relevant modules, i.e. Module 6A, 8A or 9A. If they wish to expand their financial advisory services to include additional products, they have to pass the relevant modules before they can submit the notification for additional regulated activities. They will be exempted from the requirement to pass Modules 6A, 8A or 9A if they meet the criteria as 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).

Q21. *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 Notice?*

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 as 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).

Q22. *For existing appointed representatives providing financial advisory services who wish to leave their current principal and continue providing financial advisory services on the same products with another principal company, are they required to pass Module 6A, 8A or 9A (whatever is relevant) before submission of their notification with the new principal?*

Existing appointed representatives providing financial advisory services as of 1 January 2012 have until 30 June 2013 to pass the relevant modules. If they move to another principal company before 30 June 2013 and confine their financial advisory services to the same activities, they still have until 30 June 2013 to pass the relevant modules. If they wish to expand their financial advisory services to include additional products after 1 January 2012, they have to pass the relevant modules before submission of their notification with the new principal. They will be exempted from the requirement to pass Modules 6A, 8A or 9A if they meet the criteria as 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).

Q23. IBF has announced that from 1 January 2012, they will discontinue Module 7 of the CMFAS. 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?

After 1 January 2012, they have to pass Module 6A of the CMFAS Exam prior to submission of the notification.

Q24. 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 the relevant exams on and after 1 January 2012?

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

Q25. 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 as 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).

Q26. 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 Act, 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 Act, 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 as 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).

Q27. Do degrees which include finance-related content qualify for exemption from M6A, M8A or M9A?

Only a degree or higher qualification majoring in or with emphasis on 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 that they advise on.