

Monetary Authority of Singapore

**FINANCIAL ADVISERS ACT
(CAP. 110)**

**GUIDELINES ON EXEMPTION FOR SPECIALISED
UNITS SERVING HIGH NET WORTH INDIVIDUALS
UNDER SECTION 100(2) OF
THE FINANCIAL ADVISERS ACT**

Guideline No : FAA-G07
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GUIDELINES ON EXEMPTION FOR SPECIALISED UNITS SERVING HIGH NET WORTH INDIVIDUALS UNDER SECTION 100(2) OF THE FINANCIAL ADVISERS ACT

Purpose of the Guidelines on Exemption for Specialised Units Serving High Net Worth Individuals under Section 100(2) of The Financial Advisers Act [“these Guidelines”]

1 These Guidelines are issued pursuant to section 64 of the Financial Advisers Act (Cap. 110) [“the Act”]. They are intended to provide general guidance on the criteria that the Monetary Authority of Singapore [“the Authority”] will consider in assessing applications for case-by-case exemption under section 100(2) of the Act in respect of any financial advisory service provided by a separate and distinct department, division, section or unit [“the Unit”] of the applicant serving high net worth individuals. They do not have the force of law.

2 These Guidelines should be read in conjunction with the provisions of the Act, the subsidiary legislation made under the Act, as well as written directions, codes and other guidelines that the Authority may issue from time to time.

[Amended on 1 July 2005]

3 Applicants may submit their application to the Financial Centre Development Department, Monetary Authority of Singapore, for consideration.

[Amended on 15 April 2004]

[Amended on 1 July 2005]

[Amended on 26 November 2010]

4 The Authority may grant exemption, upon application, from sections 25, 27, 28 and 36 of the Act as well as from certain written directions issued pursuant to section 58 of the Act in respect of any financial advisory service provided by the Unit of the applicant that serves high net worth individuals. The applicant may either be a licensed financial adviser or an exempt financial adviser.¹

5 These Guidelines elaborate on:

- (a) the criteria that the Authority would consider in assessing applications for exemption;
- (b) the types of clients that may be served by the Unit; and
- (c) the general conditions that will be imposed by the Authority.

6 The expressions used in these Guidelines shall, except where expressly defined by these Guidelines and where the context otherwise requires, have the same respective meanings as in the Act and in the Securities and Futures Act (Cap. 289) [“SFA”].

Definitions

7 For the purposes of these Guidelines:

“exempt financial adviser” means a person exempt from holding a financial adviser’s licence under section 23(1)(a), (b), (c), (d) or (e) of the Act; and

[Amended on 1 July 2005]

¹ The Authority is aware that many persons which would apply for the exemption may, in addition to providing financial advisory services through their Units, also engage in other activities regulated under the Banking Act (Cap. 19) [“BA”], the Insurance Act (Cap. 142) [“IA”] and the SFA (e.g. fund management is regulated under the SFA). Please note that this exemption to be granted under section 100(2) of the Act applies only in respect of the provision of any financial advisory service specified in the Second Schedule to the Act. It does not extend to other activities regulated under the BA, IA and SFA. As such, applicants are permitted to engage in these other regulated activities only if they are licensed (or exempted from licensing) under the BA, IA or SFA to do so. In addition, this exemption does not override the requirements and standards prescribed under the BA, IA or SFA for these other regulated activities.

“high net worth individual” is an individual –

- (a) who has a minimum of S\$1 million of assets, or the equivalent in foreign currencies, in any or all of the following forms:
 - (i) bank deposits, including structured deposits;
 - (ii) capital markets products;
 - (iii) life policies;
 - (iv) other investment products as may be prescribed by the Authority;
- [Amended on 1 July 2005]
- (b) whose total net personal assets exceed S\$2 million in value or the equivalent in foreign currencies;
 - (c) whose annual income is not less than S\$300,000 or the equivalent in foreign currencies; or
 - (d) who is assessed by the applicant to have the potential to become a person described in (a) within a period of 2 years.

To what extent should the Unit be separate and distinct?

8 The purpose of the Unit should be to target and serve prospective high net worth individuals. Therefore, the Unit should have its own marketing or client service staff (i.e. individuals who provide financial advisory services to clients) who should not serve persons other than the high net worth individuals served by the Unit.

What are the criteria used by the Authority in assessing the applications?

9 In assessing applications for exemption, the Authority will generally take into consideration the following:

- (a) whether the clients served by the Unit are considered high net worth individuals for the purposes of these Guidelines;

[Amended on 1 July 2005]

- (b) the track record and reputation of the applicant and its parent institution or major shareholders in providing services to high net worth individuals;
- (c) the policies and procedures on client acceptance and risk profiling that the Unit has in place;
[Amended on 1 July 2005]
- (d) the range of products and services offered by the Unit; and
- (e) any other factor that the Authority may consider relevant during the assessment.

What are the conditions that may be imposed with the granting of the exemptions?

10 The granting of the exemptions may be subject to the following conditions:

- (a) the Unit discloses to each client the exempt status of the financial adviser with respect to the financial advisory services provided by the Unit; and
- (b) any other specific conditions which may be imposed by the Authority.

[Amended on 1 July 2005]