



Monetary Authority of Singapore

**Granting of Temporary Capital Markets Services
Representative's Licence**

Consultation Paper

20 March 2003

INTRODUCTION

Section 83 under Part IV of the Securities and Futures Act (Cap. 289)[“SFA”] requires any person acting as a representative of a Capital Markets Services licence in any regulated activity or hold himself out as doing so, to hold a Capital Markets Services Representative’s (CMSR) licence for that regulated activity.

2 Currently, holders of CMSR licence must satisfy financial solvency, competency and fit and proper requirements, including the appropriate examination requirements, when carrying out regulated activities on behalf of their principals. Under the SFA, the CMSR licence is valid for a period of 3 years. Representatives of CMS licence holders who are residing outside Singapore may also apply for CMSR licences provided they fulfil the minimum period of stay per year in Singapore during the validity of the licence.

3 As part of the Authority’s ongoing review of its licensing regime, and in response to feedback from the industry, the Authority proposes to issue temporary CMSR licences [“temporary licences”] to individuals residing outside Singapore who are unable to apply for the requisite CMSR licences, but who plan to conduct regulated activity in Singapore on a temporary basis. This consultation paper sets out the Authority’s approach in assessing applications for the temporary licence, and seeks comments from the industry and public on the proposed criteria and guidelines.

4 The temporary licence scheme is not meant to replace or undermine the licensing requirements under Part IV of the SFA. Individuals who intend to conduct regulated activities on a regular basis should apply for the CMSR licence and comply with all relevant requirements. Neither is the temporary licence meant as a provisional licence while an applicant is waiting for the approval and issuance of a CMSR licence.

5 The Authority plans to put in place the temporary licence scheme by May 2003.

6 We invite you to forward your views and comments to the following address by 19 April 2003. All submissions should include your name and the name of the company

that you represent. Comments to this consultation paper may be made public if you do not indicate any objection for it to be published. If you have any query regarding this consultation paper, you may contact Ms Amanda Lam (Tel: 6229-9938), Mr Gue Boon Shiang (Tel: 6229-9239) or Mr Ho Kum Hong (Tel: 6229-9071).

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TEMPORARY LICENCE: FEATURES AND APPLICATION CRITERIA

7 Applications for the temporary licences shall be made through the local CMS licensee as Principal.

8 *Validity Period*

8.1 The temporary licence will be valid for a period of 3 months in the first instance. A holder of a temporary licence may submit a fresh application for a further 3-month period if more time is required to complete the work assignment. The Authority may grant a temporary licence for a total maximum period of 6 months within a 24-month period. The 24-month period will commence from the effective date of approval of the first application.

8.2 Applicants who foresee the need for more frequent visits to Singapore to conduct regulated activities should apply for a regular CMS licence instead.

9 *No Restriction of Activities Allowed*

Temporary licence applications will be considered for all regulated activities under the Second Schedule of the Securities and Futures Act 2001. However, it is the intent of the Authority to give favourable consideration to applicants who possess specialised knowledge and expertise relevant to the capital markets.

10 *Fees*

10.1 The fee structure for the temporary licence will comprise a non-refundable application fee and a licence fee, payable by the local CMS licensee. For each application, the application fee will be \$200 for both SGX members and non-members. The licence fee for a 3-month validity period will be \$300 for non-SGX members and \$800 for SGX members respectively, similar to the licence fees charged to regular CMSR licence over a 12-month period. In total, a non-SGX member will pay \$500 for an approved application, and a SGX member will pay \$1,000.

10.2 The local CMS licensee may elect to submit an application for its representatives for a continuous 6 months' period¹ if the complexity of the work assignment justifies such a duration. For such cases, the application will be deemed as one application although the duration spans over 2 validity periods for temporary licence. Hence, an application fee of \$200 will be charged, for both SGX members and non-members. Once approved, the corresponding licence fees charged will be \$600 or \$1,600 respectively.

11 *Key Admission Criteria for Applicant*

When considering an application, the Authority's key admission criteria will include an assessment of the fitness and propriety of the applicant, his honesty, integrity and reputation as well as his competence and capability for the proposed activities. In addition, the Authority takes into account all relevant matters, including but not limited to the following:

- a) the applicant should currently be licensed or authorized by a recognised overseas regulator to conduct the activity he intends to apply for under the temporary licence application;
- b) the applicant is currently not residing in Singapore;
- c) the applicant should be an employee of a related company belonging to the same financial group as the local CMS licensee;
- d) the applicant should normally possess at least 5 years of relevant experience; and
- e) the applicant should possess at least a Bachelor's degree or equivalent, or professional qualifications²;

¹ The applicants should be aware of Singapore's immigration law requirements where applicable.

² Acceptable professional qualifications include those listed in the exemptions for CMFAS Product Knowledge and Analysis Papers.

12 ***Obligations of the Local CMS Licensee***

The local CMS licensee is answerable and accountable for the conduct of the holder of the temporary representative's licence. Specifically, the local CMS licensee shall be required to:

- a) furnish an undertaking to the Authority that it will be fully responsible for the activities and conduct of the temporary licence holder;
- b) ensure that the temporary licence holder complies with all local laws and requirements that are relevant to the regulated activities allowed under the temporary licence; and
- c) ensure that the temporary licence holder is accompanied by a local licensed representative, an approved director, or an appropriate senior management staff at all times when he is in contact with any client or member of the public, other than with an accredited¹ or institutional² investor.

13 ***Exemption from Passing CMFAS Examinations***

The temporary licence holder shall be exempted from taking the CMFAS Product Knowledge & Analysis Papers and CMFAS Rules and Regulations Papers.

14 ***Processing Time for Applications***

The local CMS licensee shall be notified of the result of the application within 10 working days upon the Authority's receipt of a fully completed application with all required documents enclosed.

¹ As defined under Section 2(1) of the SFA

² As defined under Section 274 of the SFA

REQUEST FOR COMMENTS

15 You are invited to comment on the proposals in this paper, in particular:

- (a) the validity period of the temporary licence;
- (b) the eligibility criteria for application; and
- (c) the obligations of the local CMS licensee.