

**PART III: DRAFT SECURITIES AND FUTURES
(LICENSING AND CONDUCT OF BUSINESS)
(AMENDMENT) REGULATIONS 2007**

DISCLAIMER: This version of the Bill is in draft form and subject to change. It is also subject to review by the Attorney-General's Chambers.

DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the Attorney-General's Chambers.

No. S 000 -

**SECURITIES AND FUTURES ACT
(CHAPTER 289)**

**SECURITIES AND FUTURES (LICENSING AND CONDUCT
OF BUSINESS) (AMENDMENT) REGULATIONS 2007**

In exercise of the powers conferred by sections 99, 100 and 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Licensing and Conduct of Business) (Amendment) Regulations 2007 and shall come into operation on [].

Amendment of regulation 14

2. Regulation 14 of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) (referred to in these Regulations as the principal Regulations) is amended by deleting subparagraph (iii) of paragraph (5)(b) and substituting the following subparagraph:

“(iii) where the person is an entity –

- (A) its directors or equivalent persons are fit and proper persons for office;
- (B) its substantial shareholders or equivalent persons are fit and proper persons; and
- (C) persons (other than a person referred to in sub-paragraph (A) or (B)) alone or acting together with any connected person –
 - (CA) would be in a position to control, directly or indirectly, not less than 20% of the voting power or such equivalent decision-making power in the entity; or
 - (CB) would hold interests, directly or indirectly, in not less than 20% of the issued shares or such equivalent share of the entity,are fit and proper persons .”.

Deletion and substitution of regulation 55

3. Regulation 55 of the principal Regulations is deleted and the following regulation substituted therefor:

“Offences

55.—Any person who contravenes regulations 3A(3), 4, 5, 10(1A), 11 or 14 (4), any provision of Part III, IV (except regulation 42) or V, paragraph 4(6), 5(7) or 7(6) of the Second Schedule, or a direction issued by the Authority under regulation 51, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.”.

New regulation 59

4. The principal Regulations is amended by inserting, immediately after regulation 58, the following regulation

“59.- Any person who, immediately before the appointed date, was a person exempted under paragraph 4(1)(c) or 7(1)(b) of the Second Schedule to these Regulations from the requirement to hold a capital markets services licence to carry on business in leveraged foreign exchange trading or advising on corporate finance, as the case may be, shall be exempted from the requirement under the Act to hold a capital markets services licence to carry on business in such activity —

(a) for a period of 6 months from the appointed date; or

(b) if, before the expiry of the period of 6 months, he applies for a capital markets services licence for that activity or for activities which include that activity, until the date on which the licence is granted to him, or on which his application is refused or withdrawn,

whichever is the later.”.

Amendment of Second Schedule

5.—(1) The Second Schedule to the principal Regulations is amended —

(a) by deleting subparagraph (c) of paragraph 4(1) and substituting the following subparagraph:

“(c) a person resident in Singapore who carries on business in leveraged foreign exchange trading in Singapore with accredited investors.”;

(b) by deleting paragraph 5(3) and substituting the following paragraph:

“(3) In this paragraph, each of the following persons, schemes and funds shall be considered as one qualified investor:

(a) an accredited investor other than –

(i) one who is a participant in a collective investment scheme referred to in sub-paragraph (b);

(ii) one who is a holder of a unit or shareholder of a closed-end fund referred to in sub-paragraph (c);

(iii) one which is a corporation referred to in section 4A(1)(a)(ii) of the Act or an entity referred to in regulation 2(b) of the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005 where such corporation or entity, as the case may be, –

(A) is related to or controlled by the person referred to in sub-paragraph (1)(d) or a key officer or substantial shareholder of such person; and

(B) is, after [date of commencement of amendment], the subject of an offer or invitation made for subscription or purchase in shares or debentures,

to persons who are not accredited investors; or

(iv) one which is a collective investment scheme or closed-end fund and which is, after [date of commencement of amendment], the subject of an offer or invitation made to persons who are not accredited investors;

(b) a collective investment scheme the units of which are the subject of an offer or invitation made –

(i) in Singapore only to accredited investors for subscription or purchase; or

(ii) elsewhere, where after [date of commencement of amendment] such offer or invitation is made only to accredited investors for subscription or purchase;

- (c) a closed-end fund whose holder of a unit or units and shareholders are accredited investors only;
- (d) any other persons that the Authority may from time to time, by a guideline issued by the Authority, determine.”;
- (c) by inserting, immediately after the word “person” in subparagraph (b) of paragraph 7(1), the words “resident in Singapore”; and
- (d) by inserting, immediately after the word “finance” in subparagraph (b) of paragraph 7(1), the words “in Singapore”.

Made this day of 2007.

HENG SWEE KEAT
Managing Director,
Monetary Authority of Singapore.

[]