

FINANCIAL ADVISERS REGULATIONS 2009

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FINANCIAL ADVISERS ACT

(CHAPTER 110, SECTIONS 6 (3), 8, 9, 14, 16 (2), 18, 19 (1), 23, 23B, 23C, 23D, 23F, 23H, 23I, 24, 28, 32, 36 (7), ~~39,~~ 45, 48 (1), 56, 57, 63, 63A, 94, 100 AND 104)

FINANCIAL ADVISERS REGULATIONS

PART I

PRELIMINARY

[.....]

PART II

CONTROL OF PROVISION OF FINANCIAL ADVISORY SERVICES

[.....]

Forms

4.—(1) The forms to be used for the purposes of these Regulations are those set out at the Authority's Internet website at <http://www.mas.gov.sg> (under "Regulations and Licensing" "under Legislation and Notices", "Financial Advisers"), and any reference in these Regulations to a numbered form shall be construed as a reference to the current version of the form bearing the corresponding number which is displayed at that website.

(2) Any document required to be lodged with the Authority under any provision of the Act or these Regulations shall be lodged in the relevant form and in the manner specified in the website referred to in paragraph (1), or in such other manner as the Authority may specify from time to time.

(3) All forms used for the purposes of these Regulations shall be completed in the English language and in accordance with such directions as may be specified in the form or by the Authority.

(4) The Authority may refuse to accept any form if —

(a) it is not completed or lodged in accordance with this regulation; or

(b) it is not accompanied by the relevant fee referred to in regulation 6.

(5) Where strict compliance with any form is not possible, the Authority may allow for the necessary modifications to be made to that form, or for the requirements of that form to be complied with in such other manner as the Authority thinks fit.

(6) A person who is required to maintain a form for the purpose of these Regulations, shall ensure that a copy of such forms (except for those which are lodged with the Authority), be kept in Singapore.

(7) Any person who contravenes paragraph (6) shall be guilty of an offence.

Lodgment of documents

4A.—(1) For the purpose of section 23F(1)(a) and (b) of the Act, the licensed financial adviser who desires to appoint an individual as an appointed or provisional representative, as the case may be, in respect of any type of financial advisory service, shall lodge the following documents with the Authority:

(a) a notice of intent by the licensed financial adviser to appoint the individual as an appointed or provisional representative in respect of that type of financial advisory service in Forms 3A and 3B, respectively; and

(b) a certificate by the licensed financial adviser that the individual is a fit and proper person to be an appointed or provisional representative in respect of that type of financial advisory service in Forms 3A and 3B, respectively.

(2) Where the licensed financial adviser submits the certification under paragraph (1)(b), the licensed financial adviser shall retain copies of all information and documents which it relied on in giving the certification, for a period of 5 years after the certification is provided to the Authority.

(3) For the purpose of 23F(1)(c) of the Act, the licensed financial adviser who desires to appoint an individual as a provisional representative, shall lodge with the Authority an undertaking to undertake such responsibilities in relation to the representative in Form 3B.

(4) The licensed financial adviser shall comply with the undertaking given by it under paragraph (3).

Provisional Representative

4B (1) An individual shall only provide financial advisory service as a provisional representative for a period not exceeding 3 months from the date the individual's name is entered in the public register of representatives as a provisional representative.

(2) For the purpose of section 23D(5) of the Act—

(a) where a provisional representative in respect of any type of financial advisory service has satisfied the examination requirements specified for that type of financial advisory service, his principal shall lodge with the Authority a notice in Form 3D;

(b) a principal of a provisional representative shall lodge with the Authority the notice referred to in subparagraph (a) no later than 3 months from the date the provisional representative's name is entered in the public register of representatives.

(3) For the purpose of section 23J (1) (s) (i) and (ii) of the Act, the Authority shall refuse to enter the name and other particulars of an individual in the public register of representatives as a provisional representative in respect of a type of financial advisory service if such individual -

(a) is not or was not previously licensed, authorised or otherwise regulated as a representative in relation to a comparable type of financial advisory service in a foreign jurisdiction for at least a period of 12 months; or

(b) was previously so licensed, authorised or regulated in a foreign jurisdiction but the period between the date of his ceasing to be so licensed, authorised or regulated and the date of his proposed appointment as a provisional representative exceeds 12 months.

[.....]

Fees

~~6.—(1) The fees specified in the Second Schedule shall be payable to the Authority for the purposes specified therein.~~

~~(2) Where a licensee fails to pay the annual licence fee specified in the Second Schedule by the day on which such fee is due as determined in accordance with a guideline issued by the Authority, the Authority may impose a late payment fee not exceeding \$100 for every day or part thereof that the payment is late, subject to a maximum of \$3,000.~~

~~(3) Payment of fees may be made through such electronic funds transfer system as the Authority may designate from time to time, whereby payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority.~~

Fees

6.—(1) The fees specified in the Second Schedule shall be payable to the Authority for the purposes specified therein.

(1A) The annual fees referred to in the Second Schedule shall be for a period of one year or part thereof.

(1B) Where an appointed representative changes its principal during the period referred to in paragraph (1A), such appointed representative shall not be required to pay any further annual fee for the remainder of the validity of such period.

(1C) The Authority may, as it thinks fit, waive the whole or any part of the

(a) licence fee payable by a licensed financial adviser;

(b) annual fee payable by an appointed or provisional representative; or

(c) annual fee payable by an exempt financial adviser.

(2) Where a licensed financial adviser fails to pay the annual licence fee specified in the Second Schedule by the date on which such fee is due as determined in accordance with a guideline issued by the Authority, the Authority may impose a late payment fee not exceeding \$100 for every day or part thereof that the payment is late, subject to a maximum of \$3,000.

(2A) Where an appointed or provisional representative fails to pay any fee specified in the Second Schedule by the date on which such fee is due as determined in accordance with a guideline issued by the Authority, the Authority may impose a late payment fee not exceeding \$100 for every day or part thereof that the payment is late, subject to a maximum of \$3,000.

(3) Payment of fees may be made through such electronic funds transfer system as the Authority may designate from time to time, whereby payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority.

Manner of application for licence

~~7. An application for the—~~

~~(a) grant of a financial adviser's licence shall be in Form 1;~~

~~(b) renewal of a financial adviser's licence shall be in Form 3;~~

~~(c) grant of a representative's licence shall be in Form 6; and~~

~~(d) renewal of a representative's licence shall be in Form 8;~~

~~and shall be lodged with the Authority together with any relevant annex and information as may be specified in the Form or by the Authority from time to time.~~

Manner of application for financial adviser's licence

7. An application for the grant of a financial adviser's licence shall be in Form 1 and shall be lodged with the Authority together with any relevant annex and information as may be specified in the Form or by the Authority from time to time.

Lapsing of financial adviser's licence

8.—(1) For the purposes of section 19 (1) (~~be~~) of the Act, where the Authority has not revoked or suspended the licence of a financial adviser under section 19 (2)(i) or (3) of the Act, respectively, the licence shall lapse —

(a) if the financial adviser has not commenced business in at least one of the financial advisory services authorised to be provided by the licence for a continuous period of 6 months after the grant of the licence (or such longer period as the Authority may allow), immediately upon the expiry of that period; or

(b) if the financial adviser —

(i) has ceased to carry on business in providing all of the financial advisory services authorised to be provided by the licence;

(ii) has not resumed business in any of those financial advisory services for a continuous period of 2 months from the date of such cessation of business; and

(iii) has not notified the Authority of such cessation of business at any time during that period of 2 months,

immediately upon the expiry of that period of 2 months.

~~(2) For the purposes of section 19 (1) (c) of the Act, the licence of a representative shall lapse —~~

~~(a) where the Authority has not revoked or suspended the licence under section 19 (2) (b) or (3) of the Act, respectively —~~

~~(i) if the representative has not commenced his duties for a continuous period of 6 months after the grant of the licence (or such longer period as the Authority may allow) as a representative of the financial adviser specified in his licence, immediately upon the expiry of that period; or~~

~~(ii) if the representative —~~

~~(A) has ceased to act as a representative of the financial adviser specified in his licence;~~

~~(B) has not resumed acting as a representative of that financial adviser for a continuous period of one month; and~~

~~(C) has not notified the Authority of his so ceasing to act at any time during that period of one month,~~

~~immediately upon the expiry of that period of one month; or~~

~~(b) if the representative —~~

~~(i) has notified the Authority of his ceasing to act as a representative of the financial adviser specified in his licence; and~~

~~(ii) has not subsequently, at any time until the date on which he is otherwise required to pay the annual licence fee specified in the Second Schedule for the licence, notified the Authority that he has resumed acting as a representative of the financial adviser specified in his licence or his appointment as such by another licensed financial adviser,~~

~~on the date on which the representative would otherwise be required to pay the annual licence fee.~~

Cessation of status of an Appointed Representative

8A. For the purposes of section 19 (1) (c) 23C(4)(e) of the Act, where the Authority has not revoked the status of an appointed representative under section 23J(1)(a) of the Act, or suspended the status under section 23J(2)(a) of the Act, an individual shall cease to be an appointed representative where —

(a) if the appointed representative has not commenced to act as a representative in at least one of the financial advisory services to which the appointment relates, within 6 months (or such longer period as the Authority may allow) from the date when the representative's name is entered in the public register of representatives as an appointed representative;

(b) the appointed representative —

(i) has ceased to act as such a representative in respect of all of the financial advisory services to which the appointment relates;

(ii) has not resumed acting as such a representative in respect of any of those financial advisory services for a continuous period of one month from the date of cessation; and

(iii) has not notified the Authority of such cessation at any time during that period of one month from the date of cessation; or

(c) the appointed representative has notified the Authority of his cessation to act as such a representative in respect of all of the financial advisory services to which his appointment relates and has not subsequently, at any time until the date on which the appointed representative would otherwise have to pay the annual fee for the appointment, notified the Authority that

he has resumed to act as an appointed representative of the principal or another principal in respect of any of those financial advisory services.

Variation of licence

~~9. Where the Authority—~~

~~(a) adds to, varies or revokes any condition or restriction of a licence under section 13 (3) of the Act;~~

~~(b) has approved an application of a licensee under section 16 (1) (a) of the Act to add to his licence one or more types of financial advisory service authorised to be provided by his licence; or~~

~~(c) has approved an application of a licensee under section 16 (1) (b) of the Act to add to his licence one or more of the following types of investment product in respect of which he provides any financial advisory service:~~

~~(i) securities (other than collective investment schemes);~~

~~(ii) collective investment schemes;~~

~~(iii) futures contracts;~~

~~(iv) contracts or arrangements for the purposes of foreign exchange trading;~~

~~(v) contracts or arrangements for the purposes of leveraged foreign exchange trading;~~

~~(vi) life policies;~~

~~the licensee shall immediately return his licence to the Authority for cancellation and the Authority shall issue a new licence to the licensee.~~

Variation of financial adviser's licence

9. (1) Where the Authority adds to, varies or revokes any condition or restriction of a financial adviser's licence under section 13 (3) of the Act, the Authority may require the licensed financial adviser to return its licence to the Authority for cancellation and issuance of a new licence, and the licensed financial adviser shall comply with such a requirement.

(2) Where the Authority -

(a) has approved an application of a licensed financial adviser under section 16 (1) (a) of the Act to add to its licence one or more types of financial advisory service authorised to be provided by its licence; or

(b) has approved an application of a licensed financial adviser under section 16 (1) (b) of the Act to add to its licence one or more of the following types of investment product in respect of which it provides any financial advisory service:

- (i) securities (other than collective investment schemes);
- (ii) collective investment schemes;
- (iii) futures contracts;
- (iv) contracts or arrangements for the purposes of foreign exchange trading;
- (v) contracts or arrangements for the purposes of leveraged foreign exchange trading;
- (vi) life policies.

the licensed financial adviser shall immediately return its licence to the Authority for cancellation and issuance of a new licence, and the licensed financial adviser shall comply with such a requirement.

(3) Any licensed financial adviser who, without reasonable excuse, fails to return its licence under paragraph (1) shall be guilty of an offence.”

Change in particulars of representative

~~10.—(1) Where there is a change in any of the particulars of a licensed representative submitted to the Authority at any time, the representative shall notify the Authority of the change in Form 18.~~

~~(2) Any licensed representative who, without reasonable excuse, fails to notify the Authority of any change of particulars under paragraph (1) (not being a change referred to in section 18 (2) (b) of the Act) shall be guilty of an offence.~~

Change in particulars of representative

10.—(1) An individual whose particulars have been provided to the Authority in Form 3A or 3B in relation to his appointment to act as an appointed or provisional representative, as the case may be, shall notify his principal of any change in any of the particulars specified in Form 18, as the case may be, within 14 days of after such change.

(1A) The principal of a representative specified in paragraph (1) shall notify the Authority of any change in any of the particulars specified in Form 18, as the case may be.

(2) A person deemed to be an appointed representative at [to insert the provision and date of commencement of the relevant transitional Regulations], shall notify his principal of any change in any of the particulars that he would, but for that provision, be required to provide to the Authority in Form 18, within 14 days after such change.

(2A) The principal of a person specified in paragraph (2) shall notify the Authority of any change in any of the particulars that he would, but for that provision, be required to provide to the Authority in Form 18.

(3) A person deemed to be an appointed representative at [to insert the provision and date of commencement of the relevant transitional Regulations], shall notify his principal of any change in any of the particulars that have been provided to the Authority under regulation < > of the <transitional Regulations>, within 14 days after such change.

(3A) The principal of a person specified in paragraph (3) shall notify the Authority of any change in any of the particulars that have been provided to the Authority under regulation < > of the <transitional Regulations>.

(4) Any change in particulars referred to in paragraph (1A), (2A) or (3A) shall be notified to the Authority in Form 18 within 14 days after being aware of the change.

(5) Any principal of an appointed or provisional representative who, without reasonable excuse, fails to notify the Authority of any change of particulars under paragraph (1A), (2A) or (3A) shall be guilty of an offence.

Change of financial adviser for which representative acts

~~11. (1) A licensed representative who wishes to act for a licensed financial adviser other than the financial adviser specified in his licence shall lodge a notice in Form 9 with the Authority, together with his licence (where it has not previously been returned to the Authority under section 18 (3) of the Act or regulation 12 (2), (3) or (6)) for cancellation by the Authority.~~

~~(2) For the avoidance of doubt, paragraph (1) shall also apply to a licensed representative who has ceased to act as a representative in providing all of the types of financial advisory service authorised by his licence, unless his licence has lapsed under regulation 8 (2) (b).~~

~~(3) Upon receipt of the notice and the licence referred to in paragraph (1), the Authority shall, unless the licence of the representative has lapsed, has been revoked or suspended or has expired in the meantime, issue a new licence with the name of the new financial adviser to the representative.~~

~~(4) During the period between the date of change of the financial adviser and the date of issue of the new licence under paragraph (3), the representative may provide for the new financial adviser the type or types of financial advisory service and in respect of such investment product authorised to be provided by the licence submitted under paragraph (1) (other than the type or types of financial advisory service or investment product which are not authorised to be provided by the licence of the new financial adviser), unless his licence has lapsed, has been revoked or suspended, or has expired, in the meantime.~~

~~Cessation of financial advisory service by financial adviser or representative~~

~~12.—(1) Where a licensed financial adviser ceases to provide all of the types of financial advisory service authorised by its licence, the financial adviser and its representatives who cease to act as representatives as a result of such cessation shall lodge with the Authority a notice in Form 5.—~~

~~(2) Where a licensed financial adviser ceases to provide any type of financial advisory service authorised by its licence but has not ceased to act as a financial adviser, the financial adviser and its representatives who cease to act as representatives in providing that type of financial advisory service as a result of such cessation (including a representative whose licence relates only to the type of financial advisory service that has ceased to be provided) shall return their licences to the Authority within 14 days of the date of cessation and lodge with the Authority a notice in Form 5.—~~

~~(3) Where a licensed financial adviser ceases to provide financial advisory service in respect of any type of investment product authorised by its licence but has not ceased to act as a financial adviser, the financial adviser and its representatives who cease to act as representatives in providing financial advisory service in respect of that type of investment product as a result of such cessation (including a representative whose licence relates only to that type of investment product) shall return their licences to the Authority within 14 days of the date of cessation and lodge with the Authority a notice in Form 5.—~~

~~(4) Upon receipt of the notices and licences referred to in paragraph (2) or (3), the Authority shall cancel the licences of the financial adviser and each of its representatives (other than a representative whose licence relates only to the type of financial advisory service or investment product that has ceased to be provided) and issue to the financial adviser and those representatives a new licence each in respect of the remaining type or types of financial advisory service and investment product authorised by its or his licence referred to in paragraph (2) or (3), as the case may be.—~~

~~(5) Where a licensed representative (other than a representative referred to in paragraph (1), (2) or (3)) ceases to act as a representative in providing all of the types of financial advisory service authorised by his licence, he shall lodge with the Authority a notice in Form 10.—~~

~~(6) Where a licensed representative (other than a representative referred to in paragraph (2) or (3)) ceases to act as a representative in providing—~~

~~(a) any type of financial advisory service; or~~

~~(b) financial advisory service in respect of any type of investment product, authorised by his licence, he shall return his licence to the Authority within 14 days of the date of cessation and lodge with the Authority a notice in Form 10.—~~

~~(7) Upon receipt of the notice and licence referred to in paragraph (6), the Authority shall cancel the licence of the representative and issue to him a new licence in respect of the remaining type or types of financial advisory service and investment product authorised by his licence.~~

~~(8) Any person who, without reasonable excuse, fails to return his licence under paragraph (2), (3) or (6) shall be guilty of an offence.~~

Cessation of financial advisory service by financial adviser

12.—(1) Where a licensed financial adviser ceases to provide all of the types of financial advisory service authorised by its licence, the financial adviser shall lodge with the Authority a notice in Form 5.

(2) Where a licensed financial adviser ceases to provide any type of financial advisory service authorised by its licence but has not ceased to act as a financial adviser, the financial adviser shall return its licence to the Authority within 14 days of the date of cessation and lodge with the Authority a notice in Form 5.

(3) Where a licensed financial adviser ceases to provide financial advisory service in respect of any type of investment product authorised by its licence but has not ceased to act as a financial adviser, the financial adviser shall return its licence to the Authority within 14 days of the date of cessation and lodge with the Authority a notice in Form 5.

(4) Upon receipt of the notices and licences referred to in paragraph (2) or (3), the Authority shall cancel the licence of the financial adviser and issue to the financial adviser a new licence in respect of the remaining type or types of financial advisory service and investment product authorised by its licence referred to in paragraph (2) or (3), as the case may be.

(5) Any licensed financial adviser who, without reasonable excuse, fails to return its licence under paragraph (2) or (3) shall be guilty of an offence.

Lodgement of cessation for Representatives

12A.—(1) For the purposes of sections 23C(8) and 23D(4) read with 23C(8) of the Act, a principal shall, no later than the next business day after the day –

(a) an individual ceases to be his representative; or

(b) an individual who is his representative ceases to provide any type of financial advisory service which he is appointed to provide,

lodge with the Authority, in respect of his representative, a notice in Form 10.

(2) Where an appointed representative has ceased to be a representative under regulation 8A(a), his principal shall immediately lodge with the Authority, a

notice in Form 10 to notify of the cessation of the representative as an appointed representative.

Application for appointment of chief executive officer or director

13.—(1) For the purposes of section 56 (1) of the Act, a licensed financial adviser shall submit to the Authority an application for approval of the appointment of a person (referred to in this regulation as the appointee) as its chief executive officer or director, or change of appointment of a person as a director from one that is non-executive to one that is executive, in Form 11.

(2) For the purposes of section 56 (2) of the Act, the Authority shall have regard to the following criteria in determining whether to grant its approval in respect of an application made under paragraph (1):

(a) whether the licensed financial adviser has provided the Authority with such information relating to the appointee or director as the Authority may require;

(aa) whether the appointee or director has had a prohibition order under section 59 made by the Authority against him that remains in force;

(b) whether the appointee or director is an undischarged bankrupt in Singapore or elsewhere;

(c) whether execution against the appointee or director in respect of a judgment debt has been returned unsatisfied in whole or in part;

(d) whether the appointee or director has, in Singapore or elsewhere, entered into a compromise or scheme of arrangement with his creditors, being a compromise or scheme of arrangement that is still in operation;

(e) whether the appointee or director —

(i) has been convicted, whether in Singapore or elsewhere, of an offence involving fraud or dishonesty or the conviction for which involved a finding that he had acted fraudulently or dishonestly; or

(ii) has been convicted of an offence under the Act;

(f) the educational or other qualification, experience or expertise of the appointee or director, having regard to the nature of the duties he is to perform as a chief executive officer or director, as the case may be, of the licensed financial adviser;

(g) whether the appointee or director is a fit and proper person to be a chief executive officer or director, as the case may be, of the licensed financial adviser;

(h) the financial standing of the appointee or director;

- (i) the past performance of the appointee or director, having regard to the nature of the duties he is to perform as a chief executive officer or director, as the case may be, of the licensed financial adviser;
- (j) whether there is reason to believe that the appointee or director will not conduct himself with professionalism or act in an ethical manner in discharging the duties he is to perform as a chief executive officer or director, as the case may be, of the licensed financial adviser.

Duties of chief executive officer and director

14. For the purposes of section 57 (2) of the Act and without prejudice to any other matter that the Authority may consider relevant, in determining whether a chief executive officer or director of a licensed financial adviser has failed to discharge the duties of his office, the Authority shall have regard to whether the chief executive officer or director has —

(a) implemented effective written policies, and ensured compliance with such policies, on all operational areas of the financial adviser, including the financial policies, accounting and internal controls of the financial adviser and compliance with all laws and rules governing the operations of the financial adviser;

(aa) put in place compliance function and arrangements that are commensurate with the nature, scale and complexity of its business in relation to the provision of financial advisory services that the financial advisers is licensed to provide, which shall includes the roles and responsibilities for carrying out specific compliance activities and responsibilities;

(b) identified, addressed and monitored the risks associated with the business activities of the financial adviser;

(c) ensured that the business activities of the financial adviser are subject to compliance checks;

(d) set out in writing the limits of the discretionary powers of each officer, committee, sub-committee or other group of persons of the financial adviser empowered to commit the financial adviser to any financial undertaking or to expose the financial adviser to a risk of any nature; and

(e) ensured —

(i) that the financial adviser keeps a written record of the steps taken by it to monitor compliance with its policies, the limits on discretionary powers and its accounting and operating procedures; and

(ii) the accuracy, correctness and completeness of any report, return or statement submitted by the financial adviser to the Authority.

Exempt financial advisers and representatives to be fit and proper persons

Fit and proper requirements

14A. –(1) For the purposes of section 23 (9) of the Act —

(a) a person who is exempted from holding a financial adviser’s licence under section 23 (1) (a), (b), (c), (d), (e) or (ea) of the Act shall ensure that —

(i) it is a fit and proper person in relation to the provision of any financial advisory service for which it is exempted; and

(ii) its representatives are fit and proper persons in relation to their acting as its representatives; and

(b) a person who is exempted from holding a financial adviser’s licence under regulation 27 (1) (d) shall ensure that —

(i) he is a fit and proper person in relation to the provision of any financial advisory service for which he is exempted;

(ii) his representatives are fit and proper persons in relation to their acting as his representatives; and

(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 to be in such capacity; and

(C) persons (other than a person referred to in sub-paragraph (A) or (B)) alone or acting together with any connected person, who —

(CA) control, directly or indirectly, not less than 20% of the voting power or such equivalent decision-making power in the entity; or

(CB) acquire or hold, directly or indirectly, not less than 20% of the issued shares or such equivalent share of ownership of the entity,

are fit and proper persons to control such power or hold such shares or share of ownership.

(2) A licensed financial adviser shall ensure that –

(a) it is a fit and proper person in relation to the provision of the types of financial advisory service for which it is licensed;

(b) its substantial shareholders are fit and proper persons to be in such capacity;

(c) its directors or equivalent persons, employees having regard to the duties they perform, and officers are fit and proper persons for office; and

(d) its representatives are fit and proper persons in relation to the provision of the types of financial advisory service as its representatives.

PART III

FINANCIAL REQUIREMENTS

FINANCIAL REQUIREMENTS FOR LICENSED FINANCIAL ADVISERS

Minimum financial requirements ~~for financial advisers~~

15. For the purposes of section 9 (1) (b) of the Act, the applicant shall meet the following minimum financial requirements for the grant ~~or renewal~~ of a financial adviser's licence:

(a) in the case of an applicant which intends to carry on or which, as a licensed financial adviser, is carrying on, a business of providing any or all of the following financial advisory services:

(i) advising others (other than in the manner specified in subparagraph (ii)), either directly or through publications or writings, whether in electronic, print or other form, concerning futures contracts, contracts or arrangements for the purposes of foreign exchange trading, or contracts or arrangements for the purposes of leveraged foreign exchange trading;

(ii) advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning futures contracts, contracts or arrangements for the purposes of foreign exchange trading, or contracts or arrangements for the purposes of leveraged foreign exchange trading,

the paid-up capital of the applicant is not less than \$300,000 or, where the applicant is a foreign company, its net head office funds are not less than \$300,000; or

(b) in any other case, the paid-up capital of the applicant is not less than \$150,000 or, where the applicant is a foreign company, its net head office funds are not less than \$150,000.

[.....]

Professional indemnity insurance

17. For the purposes of section 9 (1) (c) of the Act, the limit of indemnity to be covered under the professional indemnity insurance policy for the grant ~~or renewal~~ of a financial adviser's licence in respect of all types of financial advisory service to be provided or provided by the applicant for such licence shall be an amount of not less than \$500,000, under which the deductible allowed shall be —

- (a) in the case of an applicant which is a foreign company —
 - (i) where the foreign company does not have an immediately preceding financial year, not more than 20% of its net head office funds before the date on which the licence is granted; or
 - (ii) in any other case, not more than 20% of the net head office funds of the applicant as at the end of its immediately preceding financial year; or
- (b) in the case of any other applicant —
 - (i) where the applicant does not have an immediately preceding financial year, not more than 20% of its paid-up capital; or
 - (ii) in any other case, not more than 20% of the net asset value of the applicant as at the end of its immediately preceding financial year.

PART IV

CONDUCT OF BUSINESS

~~**Unsecured advances, unsecured loans and unsecured credit facilities**~~

~~18.—(1) For the purposes of section 24 (4) (b) of the Act, “unsecured advance”, “unsecured loan” or “unsecured credit facility” includes —~~

- ~~(a) any advance or loan made by the licensed financial adviser to any of its officers, employees or representatives without security;~~
- ~~(b) any advance, loan or credit facility made by the licensed financial adviser to any of its officers, employees or representatives with security, where the advance, loan or credit facility or any amount due and owing thereunder at any time exceeds —~~
 - ~~(i) the market value of the assets constituting that security; or~~
 - ~~(ii) where the Authority is satisfied that there is no established market value for those assets, a valuation of those assets as approved by the Authority;~~

~~(c) any guarantee or performance bond entered into by the licensed financial adviser, or the provision of any security by the licensed financial adviser, in connection with any advance, loan or credit facility made by another party to any of its officers, employees or representatives; and~~

~~(d) any credit facility provided by the licensed financial adviser to any of its officers, employees or representatives without security, whether it has been drawn down or not.~~

~~(2) In this regulation, “market value”, in relation to assets which are securities listed for quotation, or quoted, on a securities exchange or an overseas securities exchange, means —~~

~~(a) the last transacted price of the securities traded on the securities exchange or overseas securities exchange on the immediately preceding business day;~~

~~(b) if there was no trading in the securities on the immediately preceding business day, subject to sub-paragraph (c), the lower of the transacted price and last bid price of the securities; or~~

~~(c) if there was no trading in the asset in the immediately preceding 30 days, the estimated value of those securities as approved by the Authority.~~

Restriction on granting unsecured advances, loans, or credit facilities to director, etc., of licensed financial adviser

18. - (1) No licensed financial adviser shall grant any unsecured advance, unsecured loan or unsecured credit facility —

(a) to a director of the licensed financial adviser, other than a director who is its employee; or

(b) to any other officer or an employee of the licensed financial adviser (including a director who is its employee) or any of its representatives which, in the aggregate and outstanding at any one time, exceeds \$3,000 or such other amount as may be prescribed.

(2) For the purposes of this regulation —

(a) “director” includes the spouse, father, step-father, mother, step-mother, son, adopted son, step-son, daughter, adopted daughter, step-daughter, brother, step-brother, sister or step-sister, of a director;

(b) “market value”, in relation to assets which are securities listed for quotation, or quoted, on a securities exchange or an overseas securities exchange, means —

(i) the last transacted price of the securities traded on the securities exchange or overseas securities exchange on the immediately preceding business day;

(ii) if there was no trading in the securities on the immediately preceding business day, subject to sub-paragraph (iii), the lower of the transacted price and last bid price of the securities; or

(iii) if there was no trading in the asset in the immediately preceding 30 days, the estimated value of those securities as approved by the Authority; and

(c) “unsecured advance”, “unsecured loan” or “unsecured credit facility” includes —

(i) any advance or loan made by the licensed financial adviser to any of its officers, employees or representatives without security;

(ii) any advance, loan or credit facility made by the licensed financial adviser to any of its officers, employees or representatives with security, where the advance, loan or credit facility or any amount due and owing thereunder at any time exceeds —

(A) the market value of the assets constituting that security; or

(B) where the Authority is satisfied that there is no established market value for those assets, a valuation of those assets as approved by the Authority;

(iii) any guarantee or performance bond entered into by the licensed financial adviser, or the provision of any security by the licensed financial adviser, in connection with any advance, loan or credit facility made by another party to any of its officers, employees or representatives; and

(iv) any credit facility provided by the licensed financial adviser to any of its officers, employees or representatives without security, whether it has been drawn-down or not.

(3) Any licensed financial adviser which contravenes this section shall be guilty of an offence.

(4) This section shall have effect without prejudice to section 162 of the Companies Act (Cap. 50).

Non-application of section 27 of Act

18A. Section 27 of the Act shall not apply to a ~~licensee~~ licensed financial adviser, an exempt financial adviser, or any of its representatives, when making a recommendation with respect to any investment product —

(a) to the public or to a section of the public;

(b) which would not be regarded by a reasonable person within the public or a section of the public, as the case may be, as a recommendation that has

taken into account his specific investment objectives, financial situation or particular needs; and

- (c) which is accompanied by a prominent written disclaimer stating that —
- (i) the recommendation is intended for general circulation;
 - (ii) the recommendation does not take into account the specific investment objectives, financial situation or particular needs of any particular person; and
 - (iii) advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

Prohibition on receipt of client's money or property under certain circumstances

19.—(1) Subject to paragraph (2), where a licensee- licensed financial adviser, in its marketing of any collective investment scheme, receives client's money or property, such money or property shall be handed over to —

- (a) the provider of the collective investment scheme;
- (b) a holder of a capital markets services licence under the Securities and Futures Act (Cap. 289) to provide custodial services for securities which is authorised by the client to receive the client's money or property; or
- (c) a person exempt under the Securities and Futures Act from holding a capital markets services licence to provide custodial services for securities which is authorised by the client to receive the client's money or property,

not later than the business day immediately following the day on which the licensee licensed financial adviser receives the money or property (referred to in this regulation as the specified date).

(2) A licensee licensed financial adviser may hand over its client's money or property to a person referred to in paragraph (1) (a), (b) or (c) after the specified date if, but only if, it has the client's prior written consent to do so.

(3) A licensee licensed financial adviser shall not, in its marketing of any collective investment scheme, receive client's money or property in the form of cash or any cheque made payable to any person (other than a person referred to in paragraph (1) (a), (b) or (c)), except where the cash or cheque is wholly for services rendered by the licensee licensed financial adviser.

(4) In this regulation, "provider", in relation to a collective investment scheme, includes —

- (a) the manager of the scheme;
 - (b) the trustee of the scheme; and
 - (c) any person who is authorised by the manager or the trustee to receive client's money or property on its behalf.
- (5) Any licensee licensed financial adviser which contravenes paragraph (1) or (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

[.....]

Register of interests in securities

20A.—(1) Pursuant to section 104(2)(m) of the Act, a relevant person shall —

- (a) maintain in Form 12 a register of his interest in securities;
 - (b) enter into the register, within 7 days after the date that he acquires any interest in securities, particulars of the securities in which he has an interest and particulars of his interest in those securities; and
 - (c) retain that entry in an easily accessible form for a period of not less than 5 years after the date on which such entry is first made.
- (2) Where there is a change in any interest in securities of a relevant person, he shall —
- (a) enter in the register, within 7 days after the date of the change, particulars of the change including the date of the change and the circumstances by reason of which the change has occurred; and
 - (b) retain that entry in an easily accessible form for a period of not less than 5 years after the date on which such entry was first made.
- (3) A relevant person shall, upon the Authority's request –
- (a) produce for the Authority's inspection the register of his interests in securities; and
 - (b) allow the Authority to make a copy of, or take extracts from, the register.
- (4) The Authority may provide a copy of an extract of a register obtained under paragraph (3) to any person who, in the opinion of the Authority, should in the public interest be informed of the dealing in securities disclosed in the register.
- (5) In this regulation and regulation 20B-
- (a) “relevant person” means any licensed financial adviser and a representative of such a licensed financial adviser who provides any

financial advisory service in respect of securities, and for the purposes of regulation 20B(3) and (4)(a), any applicant for a financial adviser's licence to provide such a service; and

(b) a reference to securities is a reference to securities which are listed for quotation, or quoted, on a securities exchange or a recognised market operator.

(6) Any relevant person who contravenes paragraphs (1), (2) or (3) shall be guilty of an offence.

Place at which register is kept

20B. —(1) A relevant person shall keep the register of his interest in securities referred to in regulation 20A –

(a) in the case of an individual, at his principal place of business; or

(b) in the case of a corporation, at any of its places of business.

(2) The register of interests in securities referred to in paragraph (1) may be kept in electronic form if the relevant person ensures that full access to such register may be gained by the Authority at the place referred to in paragraph (1) (a) or (b), as the case may be.

(3) A licensed financial adviser shall give notice to the Authority in Form 13 of

(a) the place at which he will keep the register of his interests in securities or, if the register is in electronic form, the place at which full access to the register may be gained; and

(b) such other particulars as are set out in the Form.

(4) The notice under paragraph (3) shall be given –

(a) in the case of a person who is required to hold a financial adviser's licence, as part of his application for the licence; or

(b) in any other case, within 14 days after he becomes a relevant person.

(5) Where there is a change in the place at which a licensed financial advisers keeps the register of his interests in securities or, if the register is in electronic form, a change in the place at which full access to the register may be gained, the relevant person shall lodge a notice in Form 4.

(6) A relevant person who is a licensed financial adviser shall maintain records of the place at which its representatives keep their register of interests in their securities and, where copies of their registers of interests in securities are required to be kept in Singapore pursuant to regulation 4(6), records of the place at which such copies are kept.

(7) The notice under paragraph (3) shall be given by a person notwithstanding that he has ceased to be a relevant person before the expiry of the period referred to in paragraph (4)(b).

(8) The relevant person shall, upon the Authority's request -

(a) produce for the Authority's inspection such records referred to in paragraph (6); and

(b) allow the Authority to make a copy of, or take extracts from, such records.

(9) Any person who contravenes paragraphs (1), (2), (3), (4), (6), (7) or (8) shall be guilty of an offence.

(10) Any person who contravenes paragraph (5) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000.

Particulars of financial journalists

20C - (1) The Authority may, by notice in writing, require the proprietor or publisher of a newspaper to supply the Authority with the particulars of any financial journalist who has contributed any advice, analysis or report concerning securities that has been published in the newspaper as set out in Form 25, within such period as may be specified in the notice.

(2) Any proprietor or publisher of a newspaper who, without reasonable excuse, contravenes a notice under paragraphs (1), shall be guilty of an offence.

[.....]

~~Change of place at which register of interests in securities is kept~~

~~22. (1) Where there is a change in the place at which a relevant person keeps the register of his interests in securities under section 39 (1) of the Act, the relevant person shall—~~

~~(a) where the relevant person is a licensed financial adviser, lodge a notice in Form 4;~~

~~(b) where the relevant person is a licensed representative who has changed the place at which he keeps the register of his interests in securities by virtue only of a change of the principal place of business of the financial adviser for which he acts, lodge a notice in Form 4;~~

~~(ba) where the relevant person is a licensed representative who has changed the place at which he keeps the register of his interests in securities by virtue only of a change of the place at which the financial adviser for~~

~~which he acts keeps the register of its interests in securities, lodge a notice in Form 4;~~

~~(bb) where the relevant person is a licensed representative who has changed the place at which he keeps a register of his interests in securities in any other case, lodge a notice in Form 9; or~~

~~(c) where the relevant person is a financial journalist, lodge a notice in Form 25.~~

~~(2) Any person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000.~~

PART V ACCOUNTS AND AUDIT

[.....]

PART VI EXEMPTIONS

[.....]

Exemption of banks and merchant banks

27A.—(1) A bank or merchant bank which is exempt from holding a financial adviser's licence under section 23 (1) (a) or (b), respectively, of the Act shall be exempt from section 23 (4) of the Act and regulations 37 and 38 in respect of its carrying on of the business of advising others, either directly or through publications or writings or by issuing or promulgating research analyses or research reports, on contracts or arrangements for the purposes of foreign exchange trading arranged by it or by —

(a) any bank that is licensed under the Banking Act (Cap. 19); or

(b) any merchant bank that is approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186).

(2) An appointed or provisional representative of a bank or merchant bank exempt from section 23 (4) of the Act and regulations 37 and 38 under paragraph (1) shall be exempt from section ~~37~~ 23 (5) of the Act in respect of his carrying out of the activity referred to in paragraph (1) for the person.

Exemption for giving advice or analysis on bonds

28.—(1) A corporation (not being a licensed financial adviser or a person exempt from holding a financial adviser’s licence under section 23 (1) (a), (b), (c), (d) or (e) of the Act) which carries on the business of advising others, either directly or through publications or writings or by issuing or promulgating research analyses or research reports, concerning bonds to —

- (a) an expert investor; or
- (b) an accredited investor,

shall be exempt under section 23 (1) (f) of the Act from holding a financial adviser’s licence in respect of such activity.

(2) A licensed financial adviser which carries out the activity referred to in paragraph (1) shall be exempt from complying with sections 26 to 29 and 36 of the Act in respect of such activity.

(3) A person exempt from holding a financial adviser’s licence under section 23 (1) (a), (b), (c), (d) or (e) of the Act which carries out the activity referred to in paragraph (1) shall, notwithstanding section 23 (4) of the Act, be exempt from complying with sections 26 to 29 and 36 of the Act in respect of such activity.

(4) An appointed or provisional representative of a financial adviser referred to in paragraphs (2) and (3) who carries out the activity referred to in paragraph (1) for the financial adviser shall be exempt from complying with sections 26 to 29 and 36 of the Act in respect of such activity.

Exemption for Service Companies

29.—(1) A Service Company which carries on the business of advising others, either directly or through publications or writings or by issuing or promulgating research analyses or research reports, concerning any investment product shall, if such business is solely incidental to its business as an agent of a member of Lloyd’s, be exempt from holding a financial adviser’s licence under section 23 (1) (f) of the Act.

(2) Sections 25 to 29, 34, 36 and 70 of the Act shall, with the necessary modifications, apply to a Service Company referred to in paragraph (1).

(3) Sections 23G12, 25 to 29, 34, 36 and 70 of the Act shall, with the necessary modifications, apply to a representative of a Service Company referred to in paragraph (1).

(4) In this regulation, “agent”, in relation to a member of Lloyd’s, “Lloyd’s”, “member of Lloyd’s” and “Service Company” have the same meanings as in regulation 2 of the Insurance (Lloyd’s Asia Scheme) Regulations (Rg 9).

[.....]

Exemption for introducing activities

31.—(1) A person (not being an individual, a licensed financial adviser or a person exempt under section 23 (1) (a), (b), (c), (d) or (e) of the Act) shall be exempt under section 23 (1) (f) of the Act from holding a financial adviser's licence (referred to in this regulation as an introducer) in respect of all introducing activities it carries out for one or more licensed financial advisers or persons exempt under section 23 (1) (a), (b), (c), (d) or (e) of the Act (referred to in this regulation as an introducee), subject to the following conditions:

- (a) the introducer shall, when carrying out introducing activities (whether through any of its representatives or otherwise), disclose to every client —
 - (i) that the introducer is carrying out introducing activities for one or more introducees;
 - (ii) that, when carrying out introducing activities, the introducer and its representatives shall not —
 - (A) give advice or provide recommendations on any investment product to the client;
 - (B) market any collective investment scheme; or
 - (C) arrange any contract of insurance in respect of life policies, other than to the extent of carrying out introducing activities;
 - (iii) whether or not the introducer or any of its representatives is or will be remunerated by one or more introducees for carrying out introducing activities; and
 - (iv) where the introducer or any of its representatives is or will be remunerated by one or more introducees, the amount of remuneration if so requested by the client;
 - (b) where the introducer carries out introducing activities for more than one introducee, the introducer (whether through any of its representatives or otherwise) shall, with the consent of the client, introduce that client to every introducee that provides the type or types of financial advisory service required by that client;
 - (c) the introducer shall not receive or deal with client's money or property in relation to introducing activities; and
 - (d) the introducer shall establish and maintain a register of its representatives referred to in paragraph (2).
- (2) A representative of an introducer —

(a) shall, when carrying out introducing activities, disclose to every client —

- (i) that he is carrying out introducing activities on behalf of the introducer;
- (ii) that the introducer acts for one or more introducees;
- (iii) that, when carrying out introducing activities, he shall not —
 - (A) give advice or provide recommendations on any investment product to the client;
 - (B) market any collective investment scheme; or
 - (C) arrange any contract of insurance in respect of life policies, other than to the extent of carrying out introducing activities;
- (iv) whether or not he or the introducer is or will be remunerated by one or more introducees for carrying out introducing activities; and
- (v) where he or the introducer is or will be remunerated by one or more introducees, the amount of remuneration if so requested by the client;

(b) shall, where he carries out introducing activities on behalf of the introducer for more than one introducee, with the consent of the client, introduce that client to every introducee that provides the type or types of financial advisory service required by that client; and

(c) shall not receive or deal with client's money or property in relation to introducing activities.

(3) An individual (other than a representative or an employee referred to in paragraph (2), (5), (6) or (8)) shall be exempt from —

(a) ~~acting as an appointed or provisional representative holding a representative's licence~~ in respect of all introducing activities he carries out on behalf of one or more ~~introducees licensed financial advisers~~;

(b) complying with sections 25, 27 and 36 of the Act in respect of all introducing activities he carries out on behalf of one or more persons exempt from holding a financial adviser's licence under section 23 (1) (a), (b), (c), (d) or (e) of the Act; and

(c) section ~~23G12~~ of the Act in respect of all introducing activities he carries out on behalf of more than one introducee,

subject to the following conditions:

- (i) the individual shall, when carrying out introducing activities, disclose to the client —

(A) that he is carrying out introducing activities for one or more introducees;

(B) that he shall not give advice or provide recommendations on any investment product to the client, market any collective investment scheme or arrange any contract of insurance in respect of life policies, other than to the extent of carrying out introducing activities;

(C) whether or not he is or will be remunerated by one or more introducees for carrying out introducing activities; and

(D) where he is or will be remunerated by one or more introducees, the amount of remuneration if so requested by the client;

(ii) where the individual carries out introducing activities for more than one introducee, he shall, with the consent of the client, introduce that client to every introducee that provides the type or types of financial advisory service required by that client; and

(iii) the individual shall not receive or deal with client's money or property in relation to introducing activities.

(4) A licensed financial adviser shall be exempt from complying with sections 16, 25, 27 and 36 of the Act in respect of all introducing activities it carries out on its own behalf or for one or more introducees, subject to —

(a) the conditions specified in paragraph (1) (a), (b) and (c) which shall apply as if every reference in those conditions to introducer were a reference to the licensed financial adviser; and

(b) the condition that it shall establish and maintain a register of the appointed or provisional representatives referred to in paragraph (5) and the employees referred to in paragraph (6).

(5) An appointed or provisional ~~licensed~~ representative of a licensed financial adviser referred to in paragraph (4) shall be exempt from complying with sections 16, 25, 27 and 36 of the Act in respect of all introducing activities he carries out on behalf of the financial adviser, subject to —

(a) the conditions specified in paragraph (2) (a) (i), (iii), (iv) and (v) and (c) which, in a case where he acts for the financial adviser when the financial adviser is carrying out introducing activities on its own behalf, shall apply as if every reference in those conditions to introducer were a reference to the financial adviser and every reference to “by the introducee” were deleted; and

(b) the conditions specified in paragraph (2) (a), (b) and (c) which, in a case where he acts for the financial adviser when the financial adviser is

carrying out introducing activities for one or more introducees, shall apply as if every reference in those conditions to introducer were a reference to the financial adviser.

(6) An employee of a licensed financial adviser referred to in paragraph (4) (not being an appointed or provisional a-licensed representative) shall be exempt from acting as an appointed or provisional representative holding a representative's licence in respect of all introducing activities he carries out on behalf of the financial adviser, subject to —

(a) the conditions specified in paragraph (2) (a) (i), (iii), (iv) and (v) and (c) which, in a case where he acts for the financial adviser when the financial adviser is carrying out introducing activities on its own behalf, shall apply as if every reference in those conditions to introducer were a reference to the financial adviser and every reference to “by the introducee” were deleted; and

(b) the conditions specified in paragraph (2) (a), (b) and (c) which, in a case where he acts for the financial adviser when the financial adviser is carrying out introducing activities for one or more introducees, shall apply as if every reference in those conditions to introducer were a reference to the financial adviser.

(7) A person exempt from holding a financial adviser’s licence under section 23 (1) (a), (b), (c), (d) or (e) of the Act shall be exempt from complying with sections 25, 27 and 36 of the Act and regulation 37 in respect of all introducing activities it carries out on its own behalf or for one or more introducees, subject to —

(a) the conditions specified in paragraph (1) (a), (b) and (c) which shall apply as if every reference in those conditions to introducer were a reference to the person; and

(b) the condition that it shall establish and maintain a register of the representatives referred to in paragraph (8).

(8) An appointed or provisional-representative of a person referred to in paragraph (7) shall be exempt from complying with sections 25, 27 and 36 of the Act in respect of all introducing activities he carries out on behalf of the person, subject to —

(a) the conditions specified in paragraph (2) (a) (i), (iii), (iv) and (v) and (c) which, in a case where he acts for the person when the person is carrying out introducing activities on its own behalf, shall apply as if every reference in those conditions to introducer were a reference to the person and every reference to “by the introducee” were deleted; and

(b) the conditions specified in paragraph (2) (a), (b) and (c) which, in a case where he acts for the person when the person is carrying out

introducing activities for one or more introducees, shall apply as if every reference in those conditions to introducer were a reference to the person.

(9) Any person who contravenes any condition or restriction specified in paragraph (1), (2) or (3) applicable to him shall be guilty of an offence.

(10) Sections 26, 29, 33, 34 and 70 of the Act shall, with the necessary modifications, apply to an introducer and an individual exempt under paragraph (3).

(11) Sections ~~23G12~~, 26, 29, 33, 34 and 70 of the Act shall, with the necessary modifications, apply to an appointed or provisional representative of an introducer and an employee exempt under paragraph (6).

(11A) The registers referred to in paragraphs (1), (4) and (7) shall contain the following details or particulars in relation to each appointed or provisional representative or employee, as the case may be:

- (a) his name;
- (b) his identity card number or passport number;
- (c) the date of his commencing introducing activities; and
- (d) the date of his ceasing introducing activities, where applicable.

(12) In this regulation —

"client" includes a prospective client;

"introducing activity" means —

- (a) introducing any client to an introducee in relation to the provision of any type or types of financial advisory service by the introducee; or
- (b) the activity referred to in sub-paragraph (a) and either or both of the following:
 - (i) recording the particulars of any client and forwarding such particulars to an introducee with the client's consent;
 - (ii) providing factual information to any client on investment products, including (where applicable) information on —
 - (A) the name of the investment product;
 - (B) the product provider;
 - (C) the date on which the product is launched;
 - (D) the minimum subscription amount; and
 - (E) any fee or charge which may be imposed,

and "introduce" shall be construed accordingly.

[.....]

Exemption for advising institutional investor, related corporation, etc.

32B.—(1) A licensee licensed financial adviser, or a financial adviser which is exempt from holding a financial adviser's licence under section 23 (1) (a), (b), (c), (d) or (e) of the Act (referred to in this regulation as exempt financial adviser), shall be exempt from sections 25 to 29, 32, 34 and 36 of the Act and regulations 37 and 38 when providing any financial advisory service in respect of any investment product to —

- (a) an institutional investor;
- (b) a related corporation of that licensee licensed financial adviser or exempt financial adviser, as the case may be;
- (c) a person that is connected to that licensee licensed financial adviser or exempt financial adviser, as the case may be; or
- (d) an approved headquarters company or approved Finance and Treasury Centre which carries on business involving the provision of all or any type of financial advisory service, where such business has been approved as a qualifying service in relation to that headquarters company or Finance and Treasury Centre under section 43E (2) (a) or 43G (2) (a) of the Income Tax Act (Cap. 134), as the case may be.

(2) A financial adviser which is exempt from holding a financial adviser's licence under section 23 (1) (ea) of the Act shall be exempt from sections 25, 26 and 36 of the Act when providing financial advisory service in respect of any investment product to —

- (a) an institutional investor;
- (b) a related corporation of that financial adviser;
- (c) a person that is connected to that financial adviser; or
- (d) an approved headquarters company or approved Finance and Treasury Centre which carries on business involving the provision of all or any type of financial advisory service, where such business has been approved as a qualifying service in relation to that headquarters company or Finance and Treasury Centre under section 43E (2) (a) or 43G (2) (a) of the Income Tax Act, as the case may be.

(3) An appointed or provisional representative of a licensee licensed financial adviser or an exempt financial adviser referred to in paragraph (1) shall be exempt from sections 25, 26, 27, 29, 34 and 36 of the Act in respect of his carrying out of the activity referred to in that paragraph for the licensee licensed financial adviser or exempt financial adviser, as the case may be.

(4) A representative of a financial adviser referred to in paragraph (2) shall be exempt from sections 25, 26 and 36 of the Act in respect of his carrying out of the activity referred to in that paragraph for the financial adviser.

[.....]

Exemption from section 25 of Act for advising accredited investor or expert investor

33.—(1) Section 25 of the Act shall not apply to a licensee licensed financial adviser, an exempt financial adviser, or any of its appointed or provisional representatives, when providing any financial advisory service in respect of —

- (a) any designated investment product (within the meaning of section 25 (6) of the Act) to an accredited investor; or
- (b) any designated investment product (within the meaning of section 25 (6) of the Act), that is a capital markets product, to an expert investor.

(2) Where a licensee licensed financial adviser, an exempt financial adviser, or any of its appointed or provisional representatives, provides any financial advisory service in the circumstances specified in paragraph (1), the licensee licensed financial adviser, exempt financial adviser or appointed or provisional representative, as the case may be, shall disclose the exemption under that paragraph to the accredited investor or expert investor, as the case may be, unless the accredited investor or expert investor is —

- (a) an institutional investor;
- (b) a related corporation of the licensee licensed financial adviser or exempt financial adviser, as the case may be;
- (c) a person who is connected to the licensee licensed financial adviser or exempt financial adviser, as the case may be; or
- (d) an approved headquarters company or approved Finance and Treasury Centre which carries on business involving the provision of all or any type of financial advisory service, where such business has been approved as a qualifying service in relation to that headquarters company or Finance and Treasury Centre under section 43E (2) (a) or 43G (2) (a) of the Income Tax Act (Cap. 134), as the case may be.

(3) Any person who contravenes paragraph (2) shall be guilty of an offence.

Exemption from section 27 of Act in certain circumstances

34.—(1) Section 27 of the Act shall not apply to a licensee licensed financial adviser, an exempt financial adviser, or any of its appointed or provisional representatives, when making a recommendation in respect of —

- (a) any investment product to an accredited investor;
- (b) any capital markets product to an expert investor; or
- (c) any Government securities.

(2) Where a licensee licensed financial adviser, an exempt financial adviser, or any of its appointed or provisional representatives, provides any financial advisory service in the circumstances specified in paragraph (1), the licensee licensed financial adviser, exempt financial adviser or appointed or provisional representative, as the case may be, shall disclose the exemption under that paragraph to the accredited investor or expert investor, as the case may be, unless the accredited investor or expert investor is —

- (a) an institutional investor;
- (b) a related corporation of the licensee licensed financial adviser or exempt financial adviser, as the case may be;
- (c) a person who is connected to the licensee licensed financial adviser or exempt financial adviser, as the case may be; or
- (d) an approved headquarters company or approved Finance and Treasury Centre which carries on business involving the provision of all or any type of financial advisory service, where such business has been approved as a qualifying service in relation to that headquarters company or Finance and Treasury Centre under section 43E (2) (a) or 43G (2) (a) of the Income Tax Act (Cap. 134), as the case may be.

(3) Any person who contravenes paragraph (2) shall be guilty of an offence.

Exemption from section 36 of Act

35.—(1) Section 36 of the Act shall not apply to a licensee licensed financial adviser, an exempt financial adviser, or any of its appointed or provisional representatives when sending a circular or other similar written communication in which a recommendation is made in respect of —

- (a) any securities to —
 - (i) an expert investor; or
 - (ii) an accredited investor; or
- (b) any Government securities.

(2) Where a licensee licensed financial adviser, an exempt financial adviser, or any of its appointed or provisional representatives, provides any financial advisory service in the circumstances specified in paragraph (1), the licensee licensed financial adviser, exempt financial adviser or appointed or provisional representative, as the case may be, shall disclose the exemption under that paragraph to the accredited investor or expert investor, as the case may be, unless the accredited investor or expert investor is —

- (a) an institutional investor;
- (b) a related corporation of the licensee licensed financial adviser or exempt financial adviser, as the case may be;
- (c) a person who is connected to the licensee licensed financial adviser or exempt financial adviser, as the case may be; or
- (d) an approved headquarters company or approved Finance and Treasury Centre which carries on business involving the provision of all or any type of financial advisory service, where such business has been approved as a qualifying service in relation to that headquarters company or Finance and Treasury Centre under section 43E (2) (a) or 43G (2) (a) of the Income Tax Act (Cap. 134), as the case may be.

(3) Any person who contravenes paragraph (2) shall be guilty of an offence.

Exemption for advising overseas investors

36.—(1) Sections 25 to 29, 32, 34 and 36 of the Act shall not apply to a licensed financial adviser or an exempt financial adviser when providing any financial advisory service to any person outside Singapore who is —

- (a) an individual and —
 - (i) not a citizen of Singapore;
 - (ii) not a permanent resident of Singapore; and
 - (iii) not wholly or partly dependent on a citizen or permanent resident of Singapore; or
- (b) in any other case, a person with no commercial or physical presence in Singapore.

(2) Sections 25 to 27, 29, 34 and 36 of the Act shall not apply to an appointed or provisional representative of a licensed financial adviser or an exempt financial adviser when carrying out the activity referred to in paragraph (1) as an appointed or provisional representative, as the case may be, ~~representative~~ of the licensed financial adviser or exempt financial adviser, as the case may be.

(3) Where a licensee licensed financial adviser, an exempt financial adviser, or any of its appointed or provisional representatives, provides any financial advisory

service in the circumstances specified in paragraph (1) or (2), the licensee licensed financial adviser, exempt financial adviser or appointed or provisional representative, as the case may be, shall disclose the exemption under that paragraph to the person outside Singapore referred to in paragraph (1).

(4) Any person who contravenes paragraph (3) shall be guilty of an offence.

Reporting requirements for exempt financial advisers

~~37.—(1) A person who is exempt from holding a financial adviser's licence under section 23 (1) (a), (b), (c), (d) or (e) of the Act shall lodge with the Authority—~~

~~(a) where the person arranges contracts of insurance in respect of life policies, but is not an insurer which arranges contracts of insurance in respect of life policies on its own behalf, a statement of placement of direct life insurance business handled by the person in Form 16 within 5 months after the end of its financial year or such longer period as the Authority may approve;~~

~~(b) a notice of commencement of business in Form 20 not later than 14 days after the date of commencement of its business as a financial adviser;~~

~~(c) a notice of change of particulars in Form 21 providing any change in the particulars required to be notified under sub-paragraph (b) not later than 14 days after the date of the change;~~

~~(d) a notice of cessation of business in Form 22 not later than 14 days after the date of cessation of its business as a financial adviser; and~~

~~(e) where the person arranges contracts of insurance in respect of life policies and is required to maintain an insurance broking account under section 32 (1) of the Act, an audited statement of the insurance broking premium account in Form 24 within 5 months after the end of its financial year or such longer period as the Authority may approve.~~

~~(2) A person referred to in regulation 27 (1) (d) shall lodge with the Authority—~~

~~(a) a notice of commencement of business in Form 20 not later than 14 days after the date of commencement of its business as a financial adviser;~~

~~(b) a notice of change of particulars in Form 21 providing any change in the particulars required to be notified under sub-paragraph (a) not later than 14 days after the date of the change;~~

~~(c) a notice of cessation of business in Form 22 not later than 14 days after the date of cessation of its business as a financial adviser; and~~

~~(d) a declaration in Form 23 within 14 days after the end of its financial year or such longer period as the Authority may approve.~~

~~(3) A person referred to in regulation 27 (1) (a) who has, at any time before 1st October 2002, lodged a notice of commencement of business in the prescribed form—~~

~~(a) under regulation 22A (5) (a) (i) of the revoked Futures Trading Regulations (Cap. 116, Rg 1, 1998 Ed.) in relation to the activity specified in paragraph (a) or (b) of the definition of “futures trading adviser” in section 2 (1) of the repealed Futures Trading Act (Cap. 116, 1986 Ed.), or both activities; or~~

~~(b) under regulation 41 (5) (a) of the revoked Securities Industry Regulations (Cap. 289, Rg 1, 1995 Ed.) in relation to the activity specified in paragraph (a) or (b) of the definition of “investment adviser” in section 2 (1) of the repealed Securities Industry Act (Cap. 289, 1986 Ed.), or both activities,~~
~~shall be deemed to have lodged a notice of commencement of business in compliance with paragraph (2) (a).~~

~~(4) Any person who contravenes paragraph (1) or (2) shall be guilty of an offence.~~

Reporting requirements for exempt financial advisers

37. - (1) A person who is exempt from holding a financial adviser’s licence under section 23 (1) (a), (b), (c), (d) or (e) of the Act shall lodge with the Authority —

(a) where the person arranges contracts of insurance in respect of life policies, but is not an insurer which arranges contracts of insurance in respect of life policies on its own behalf, a statement of placement of direct life insurance business handled by the person in Form 16 within 5 months after the end of its financial year or such longer period as the Authority may approve;

(b) a notice of commencement of that person’s business in any financial advisory service or notice of commencement of any financial advisory service in addition to that person’s current financial advisory service, in Form 20 not later than 14 days prior to the commencement of business in that financial advisory service or such later date as the Authority may allow;

(c) a notice of change of particulars in Form 21 providing any change in the particulars required to be notified under sub-paragraph (b) not later than 14 days after the date of change or such longer period as the Authority may allow;

(d) a notice of cessation of business in Form 22 when that person ceases to carry on business in any or all the financial advisory services for which notice had been given by that person in Form 20, not later than 14 days after the cessation of business in the financial advisory service or such longer period as the Authority may allow; and

(e) where the person arranges contracts of insurance in respect of life policies and is required to maintain an insurance broking account under section 32 (1) of the Act, an audited statement of the insurance broking premium account in Form 24 within 5 months after the end of its financial year or such longer period as the Authority may approve.

(2) A person referred to in regulation 27 (1) (d) shall lodge with the Authority —

(a) a notice of commencement of that person's business in any financial advisory service or notice of commencement of any financial advisory service in addition to that person's current financial advisory service, in Form 20A not later than 14 days after the commencement of business in that financial advisory service or such longer period as the Authority may allow;

(b) a notice of change of particulars in Form 21A providing any change in the particulars required to be notified under sub-paragraph (a) not later than 14 days after the date of the change or such longer period as the Authority may allow;

(c) a notice of cessation of business in Form 22A when that person ceases to carry on business in any or all the financial advisory service for which notice had been given by that person in Form 20A not later than 14 days after the cessation of business in the financial advisory service or such longer period as the Authority may allow; and

(d) a declaration in Form 23 within 14 days after the end of its financial year or such longer period as the Authority may allow.

(3) A person referred to in regulation 27 (1) (d) who has, at any time before 1st October 2002, lodged a notice of commencement of business in the prescribed form —

(a) under regulation 22A (5) (a) (i) of the revoked Futures Trading Regulations (Cap. 116, Rg 1, 1998 Ed.) in relation to the activity specified in paragraph (a) or (b) of the definition of "futures trading adviser" in section 2 (1) of the repealed Futures Trading Act (Cap. 116, 1986 Ed.), or both activities; or

(b) under regulation 41 (5) (a) of the revoked Securities Industry Regulations (Cap. 289, Rg 1, 1995 Ed.) in relation to the activity specified in paragraph (a) or (b) of the definition of "investment adviser" in section 2 (1) of the repealed Securities Industry Act (Cap. 289, 1986 Ed.), or both activities,

shall be deemed to have lodged a notice of commencement of business in compliance with paragraph (2) (a).

(4) Any person who contravenes paragraph (1) or (2) shall be guilty of an offence.

Register to be maintained by certain exempt financial advisers

~~38.—(1) A person who is exempt from holding a financial adviser's licence under section 23 (1) (a), (b), (c), (d) or (e) of the Act shall establish and maintain a register of its representatives.~~

~~(2) The register referred to in paragraph (1) shall contain the following details or particulars in relation to each representative:~~

~~(a) his name;~~

~~(b) the type or types of financial advisory service he is authorised to provide for the financial adviser;~~

~~(c) the type or types of investment product in respect of which he is authorised to provide financial advisory service;~~

~~(d) the date of commencement of authorisation to provide each type of financial advisory service and, where applicable, in respect of each type of investment product;~~

~~(da) the date of cessation of authorisation to provide each type of financial advisory service and, where applicable, in respect of each type of investment product; and~~

~~(e) any qualification obtained by him to fulfil any requirement specified in written directions and the date of obtaining such qualification.~~

~~(3) Any person who contravenes paragraph (1) shall be guilty of an offence.~~

PART VII MISCELLANEOUS

Take-over of licensees

~~39.—(1) No person shall enter into any arrangement in relation to a licensed financial adviser that is incorporated in Singapore by virtue of which he would, if the arrangement is carried out, obtain effective control of the licensed financial adviser without obtaining the prior approval of the Authority.~~

~~(2) The Authority may grant its approval under paragraph (1) subject to such conditions or restrictions as the Authority thinks fit.~~

~~(3) For the purposes of this regulation—~~

~~(a) a person shall be regarded as entering into an arrangement by virtue of which he would obtain effective control of a licensed financial adviser that is incorporated in Singapore if the person alone or acting together with any~~

~~connected person would be in a position to control not less than 20% of the voting power in the licensed financial adviser or would hold interests in not less than 20% of the issued shares of the licensed financial adviser;~~

~~(b) a reference to an arrangement by which a person would obtain effective control of a licensed financial adviser that is incorporated in Singapore includes a reference to an arrangement by which the person would acquire any interest in shares in the licensed financial adviser where, upon the acquisition of those interests and of any other interest in other shares of the licensed financial adviser that he has offered to acquire, he would have effective control of the licensed financial adviser; and~~

~~(c) a reference to the voting power in a licensed financial adviser is a reference to the total number of votes that may be cast in the general meeting of the licensed financial adviser.~~

~~(4) Any person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding 12 months or to both.~~

~~Registers to be maintained by Authority~~

~~40. —The register of licensees to be established and maintained by the Authority in accordance with section 63 (1) (a) of the Act shall contain the following details or particulars:~~

~~(a) in relation to a licensed financial adviser —~~

~~(i) its name;~~

~~(ii) the address of the principal place of business at which it carries on the business in respect of which the licence is held;~~

~~(iii) the type or types of financial advisory service or investment product to which its licence relates; and~~

~~(iv) where the business is carried on under a name or style other than the name of the financial adviser, the name or style under which that business is carried on;~~

~~(b) in relation to a licensed representative —~~

~~(i) his name;~~

~~(ii) the name of the financial adviser for which he acts;~~

~~(iii) the type or types of financial advisory service or investment product to which his licence relates; and~~

~~(iv) where the business of the financial adviser for which he acts is carried on under a name or style other than the name of that financial adviser, the name or style under which that business is carried on.~~

Compoundable offences

41. The following offences may be compounded by the Authority in accordance with section 89 of the Act:

- (a) any offence under the Act which is punishable by a fine only;
- (b) any offence under section 6 (4), ~~23B(4)7-(2)~~, ~~33(5)~~ or 58 (5) of the Act; or
- (c) any offence under section 84 (1) (a) of the Act, where the non-compliance referred to in that section constitutes an offence which is compoundable under paragraph (a) or (b).

[.....]

Exemption for corporate and partnership agencies

44.—(1) Subject to paragraph (2), any company which is, immediately before 1st October 2002, authorised under an agreement in writing with a registered insurer to arrange, as agent for that insurer, any contract of insurance (other than a contract of reinsurance) in respect of life policies shall be exempt under section 23 (1) (f) of the Act from holding a financial adviser's licence, for a period of 6 months from 1st October 2002, in respect of such arrangement.

(2) The exemption of a company referred to in paragraph (1) shall cease to apply if the company is granted a financial adviser's licence.

(3) Any individual who is —

- (a) a representative of a company referred to in paragraph (1); and
- (b) authorised under an agreement in writing with the registered insurer referred to in paragraph (1) to arrange, as agent for that insurer, any contract of insurance (other than a contract of reinsurance) in respect of life policies,

shall be exempt from section ~~23G+2~~ of the Act, for a period of 6 months from 1st October 2002, in respect of his acting as a representative for the company and for the registered insurer.

(4) Subject to paragraph (5), any partnership of which every partner is, immediately before 1st October 2002, authorised under an agreement in writing with a registered insurer to arrange, as agent for that insurer, any contract of insurance (other than a contract of reinsurance) in respect of life policies shall be

exempt under section 23 (1) (f) of the Act from holding a financial adviser's licence, for a period of 6 months from 1st October 2002, in respect of such arrangement.

(5) The exemption of a partnership referred to in paragraph (4) shall cease to apply when any partner of the partnership is no longer authorised under an agreement in writing with the registered insurer to arrange, as agent for that insurer, any contract of insurance (other than a contract of reinsurance) in respect of life policies.

(6) Any individual who is —

(a) a representative of a partnership referred to in paragraph (4), whether or not he is also a partner of the partnership; and

(b) authorised under an agreement in writing with the registered insurer referred to in paragraph (4) to arrange, as agent for that insurer, any contract of insurance (other than a contract of reinsurance) in respect of life policies,

shall be exempt from section ~~23G12~~ of the Act, for a period of 6 months from 1st October 2002, in respect of his acting as a representative for the partnership and for the registered insurer.

(7) Sections 25, 26, 27, 29, 33, 34 and 70 of the Act shall, with the necessary modifications, apply to the company referred to in paragraph (1), the partnership referred to in paragraph (4), and their representatives.

Time to comply with certain requirements

45.—(1) Section 10 (1) (a) of the Act, in respect of financial requirements imposed under regulation 16, shall not apply, for a period of 6 months from 1st October 2002, to any person —

(a) who is deemed to hold a financial adviser's licence; or

(b) where such financial adviser's licence is renewed,

under regulation 3 or 5 of the Financial Advisers (Transitional and Savings Provisions) Regulations (Rg 1).

(2) Regulation 16 (1) and (2) shall not apply, for a period of 6 months from 1st October 2002, to any person —

(a) who is deemed to hold a financial adviser's licence; or

(b) where such financial adviser's licence is renewed,

under regulation 3 or 5 of the Financial Advisers (Transitional and Savings Provisions) Regulations.

(3) Section 10 (1) (b) of the Act and regulation 17 (1) and (2) shall not apply, for a period of 6 months from 1st October 2002, to any person —

(a) who is deemed to hold a financial adviser's licence; or

(b) where such financial adviser's licence is renewed,
under regulation 4 of the Financial Advisers (Transitional and Savings Provisions) Regulations (Rg 1).

FIRST SCHEDULE

Deleted by S 362/2005, wef 01/07/2005.

SECOND SCHEDULE

Regulation 6 (1)

FEEES

No.	First Column Provision of Act	Second column Matter	Third column Amount
1.	Section 8 (1) (c)	For every application for the grant of a financial adviser's licence	\$500
2.	Section 8(1)(e)	For every application for the renewal of a financial adviser's licence	\$250
3.	Section 8(1)(e)	For every application for the grant of a representative's licence	\$100
4.	Section 8(1)(e)	For every application for the renewal of a representative's licence	\$50
52.	Section 14	Annual licence fee for financial adviser's licence	\$2,000
6.	Section 14	Annual licence fee for a representative's licence	\$200
73.	Section 16 (2)	For every application to add to the type(s) of financial advisory service or investment product authorised under a financial adviser's licence	\$250
8.	Section 16(2)	For every application to add to the type(s) of financial advisory service or investment product authorized under a representative's licence	\$50
4.	Section 23H (1)	For every lodgment under section 23F of the Act in relation to the appointment of an appointed or provisional representative	\$100
5.	Section 23H(2)	Annual Fee under section 23H of the Act for an appointed or provisional	\$200

