

THE STATUTES OF THE REPUBLIC OF SINGAPORE

**SECURITIES INDUSTRY ACT
(CHAPTER 289)**

**Act
15 of 1986**

REVISED EDITION 1985

Securities Industry Act

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An Act relating to the securities industry and for purposes connected therewith.

[15th August 1986]

PART I

PRELIMINARY

1. This Act may be cited as the Securities Industry Act. Short title.

- 2.—(1) In this Act, unless the context otherwise requires — Inter-pretation.
 - “agent”, in relation to a dealer, includes a person who is, or has at any time been, a banker of the dealer;
 - “approved securities organisation” means a body corporate that is approved by the Minister under section 17;
 - “auditor” means an approved company auditor within the meaning of the Companies Act; Cap. 50.
 - “Authority” means the Monetary Authority of Singapore;
 - “book” includes any register, document or other record of information and any account or accounting record, however compiled, recorded or stored whether in written or printed form or microfilm by electronic process or otherwise;
 - “committee”, in relation to a securities exchange, means the persons for the time being in whom the management of the securities exchange is vested;
 - “company” has the same meaning as is assigned to that expression in the Companies Act;
 - “dealer” means a person who carries on a business of dealing in securities as a body corporate whether or not he carries on any other business, but does not include an exempt dealer;
 - “dealer’s representative” means a person, by whatever name described, in the direct employment of, or acting for, or by arrangement with, a dealer, who performs for that dealer any of the functions of a dealer (other than work ordinarily performed by accountants, clerks or cashiers) whether his remuneration is by way of salary, wages,

commission or otherwise; and includes any director or officer of a body corporate who performs for the body corporate any of those functions (whether or not his remuneration is as aforesaid);

“dealing in securities” means (whether as principal or agent) making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into —

(a) any agreement for or with a view to acquiring, disposing of, subscribing for, or underwriting securities; or

(b) any agreement the purpose or pretended purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the price of securities;

“director” has the same meaning as is assigned to that expression in the Companies Act;

Cap. 50.

“executive officer”, in relation to a body corporate, means any person by whatever name called and whether or not he is a director of the body corporate who is concerned or takes part in the management of the body corporate;

“exempt dealer” means a person or a body corporate specified in section 40;

“exempt stock market” means a stock market in relation to which, or a stock market included in a class of stock markets, being a class in relation to which, a declaration under section 15 (2) is in force;

“investment adviser” means a person who —

(a) carries on a business of advising others concerning securities;

(b) as part of a regular business issues or promulgates analyses or reports concerning securities; or

(c) pursuant to a contract or arrangement with a client, undertakes on behalf of the client (whether on a discretionary authority granted by the client or

otherwise) the management of a portfolio of securities for the purpose of investment,

but that expression does not include —

- (i) a bank as defined in section 2 of the Banking Act; Cap. 19.
- (ii) a company or society registered under the Insurance Act; Cap. 142.
- (iii) an advocate and solicitor or accountant in practice whose carrying on of that business is solely incidental to the practice of his profession;
- (iv) a company registered under the Trust Companies Act; Cap. 336.
- (v) a dealer or his employee or a dealer's representative or an exempt dealer whose carrying on of that business is solely incidental to the conduct of his business of dealing in securities; or
- (vi) a person who is the proprietor of a newspaper and holder of a permit issued under the Newspaper and Printing Presses Act, where — Cap. 206.
 - (A) insofar as the newspaper is distributed generally to the public it is distributed only to subscribers to, and purchasers of, the newspaper for value;
 - (B) the advice is given or the analyses or reports are issued or promulgated only through that newspaper;
 - (C) that person receives no commission or other consideration for giving the advice or for issuing or promulgating the analyses or reports; and
 - (D) the advice is given and the analyses and reports are issued or promulgated solely as incidental to the conduct of that

person's business as a newspaper proprietor;

"investment representative" means a person, in the direct employment of or acting for or by arrangement with an investment adviser, who performs for such investment adviser any of the functions of an investment adviser (other than work ordinarily performed by accountants, clerks or cashiers) whether his remuneration is by way of salary, wages, commission or otherwise; and includes any director or officer of a body corporate who performs for such body corporate any of those functions (whether or not his remuneration is as aforesaid);

"licence" means —

- (a) a dealer's licence;
- (b) an investment adviser's licence; or
- (c) a representative's licence,

under Part IV;

"listing rules", in relation to a body corporate that maintains or provides, or proposes to maintain or provide, a stock market of a securities exchange, means rules governing or relating to —

- (a) the admission to the official list of the body corporate, of bodies corporate, governments, unincorporate bodies or other persons for the purpose of the quotation on the stock market, or made available by bodies corporate, governments, unincorporate bodies or other persons or the removal from that official list and for other purposes; or
- (b) the activities or conduct of bodies corporate, governments, unincorporate bodies and other persons who are admitted to that list,

whether those rules —

- (i) are made by the body corporate or are contained in any of the constituent documents of the body corporate; or
- (ii) are made by another person and adopted by the body corporate;

“member company” means a company which carries on a business of dealing in securities and is recognised as a member company by a securities exchange;

“quotation”, in relation to securities and in relation to a stock market of a securities exchange, includes the displaying or providing, on a stock market of the securities exchange, of information concerning —

(a) in a case where offers to sell, purchase or exchange the securities at particular prices, or for particular consideration, are made or accepted on that stock market — those prices or that consideration;

(b) in a case where offers or invitations are made on that stock market, being offers or invitations that are intended, or may reasonably be expected, to result, whether directly or indirectly, in the making or acceptance of offers to sell, purchase or exchange the securities at particular prices or for particular consideration — those prices or that consideration; or

(c) in any case — the price at which, or the consideration for which, particular persons, or particular classes of persons, propose, or may reasonably be expected, to sell, purchase or exchange the securities;

“relevant authority” —

(a) in relation to a member company, means the securities exchange by which the company is recognised; and

(b) in relation to any other person, means the Authority;

“repealed Act” means the Securities Industry Act 1973.

“representative” means a dealer’s representative or an investment representative;

“rules”, in relation to a securities exchange, means the rules governing the conduct of the securities

exchange or the members thereof by whatever name called and wherever contained and includes rules contained in the memorandum of association and the articles of association of the securities exchange;

“securities” means —

- (a) debentures, stocks or bonds issued or proposed to be issued by a government;
- (b) debentures, stocks, shares, bonds or notes issued or proposed to be issued by a body corporate or unincorporate;
- (c) any right or option in respect of any such debentures, stocks, shares, bonds or notes; or
- (d) any interest as defined in section 107 of the Companies Act,

Cap. 50.

but does not include —

- (e) futures contracts that are governed by any written law regulating trading in futures contracts;
- (f) bills of exchange;
- (g) promissory notes; or
- (h) certificates of deposit issued by a bank;

“securities exchange” means a stock exchange or an approved securities organisation;

“Securities Industry Council” means the Securities Industry Council referred to in section 14;

“share” means share in the share capital of a body corporate and includes stock except where a distinction between stock and shares is express or implied;

“stockbroker” means a person who is a member of a securities exchange and a director of a member company;

“stock exchange” means any body corporate which has been approved by the Minister under section 16 (2);

“stock market” means a market, or other place at which, or a facility by means of which —

- (a) offers to sell, purchase or exchange securities are regularly made or accepted;
- (b) offers or invitations are regularly made, being offers or invitations that are

intended, or may reasonably be expected, to result, whether directly or indirectly, in the making or acceptance of offers to sell, purchase or exchange securities; or

- (c) information is regularly provided concerning the prices at which, or the consideration for which, particular persons, or particular classes of persons, propose, or may reasonably be expected, to sell, purchase or exchange securities;

“trust account” means a trust account established under section 58 or 65;

“unit trust scheme” means any arrangement made for the purpose, or having the effect, of providing facilities for the participation by persons as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property.

(2) Regulations may provide that, subject to any terms and conditions prescribed, all or any of the provisions of this Act —

- (a) shall not have effect in relation to any specified person or to any person who is a member of a specified class of persons —

(i) who is or may be a dealer or investment adviser by reason only of his doing anything which is merely incidental to another business;

(ii) who does not deal in securities for or on behalf of any other person; or

(iii) who is a dealer or investment adviser by reason only of the entering into by him of any specified transaction or class of transactions;

- (b) shall not have effect in relation to the representative of any person referred to in paragraph (a); or

- (c) shall have effect in relation to any person referred to in paragraph (a) or (b) to such extent as is prescribed.

Associated
person.

3.—(1) A reference in this Act to a person associated with another person shall be construed as a reference to —

- (a) where the other person is a body corporate —
 - (i) a director or secretary of the body corporate;
 - (ii) a body corporate that is related to the other person; or
 - (iii) a director or secretary of such a related body corporate;
- (b) where the matter to which the reference relates is the extent of a power to exercise, or to control the exercise of, the voting power attached to voting shares in a body corporate, a person with whom the other person has, or proposes to enter into, an agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied —
 - (i) by reason of which either of those persons may exercise, directly or indirectly control the exercise of, or substantially influence the exercise of, any voting power attached to a share in the body corporate;
 - (ii) with a view to controlling or influencing the composition of the board of directors, or the conduct of affairs, of the body corporate; or
 - (iii) under which either of those persons may acquire from the other of them shares in the body corporate or may be required to dispose of such shares in accordance with the directions of the other of them;
- (c) a person in concert with whom the other person is acting, or proposes to act, in relation to the matter to which the reference relates;
- (d) where the matter to which the reference relates is a matter, other than the extent of a power to exercise, or to control the exercise of, the voting power attached to voting shares in a body corporate —
 - (i) subject to subsection (2), a person who is a director of a body corporate that carries

on a business of dealing in securities and of which the other person is also a director;

- (ii) subject to subsection (2), a person who is a director of a body corporate of which the other person is a director, not being a body corporate that carries on a business of dealing in securities; or
 - (iii) a trustee of a trust in relation to which the other person benefits or is capable of benefiting otherwise than by reason of transactions entered into in the ordinary course of business in connection with the lending of money;
- (e) a person with whom the other person is, by virtue of any regulation that may be introduced, to be regarded as associated in respect of the matter to which the reference relates;
- (f) a person with whom the other person is, or proposes to become, associated, whether formally or informally, in any other way in respect of the matter to which the reference relates; or
- (g) where the other person has entered into, or proposes to enter into, a transaction, or has done, or proposes to do, any other act or thing, with a view to becoming associated with a person as mentioned in paragraph (a), (b), (c), (d), (e) or (f) — that last-mentioned person.

(2) Where, in proceedings under this Act, it is alleged that a person referred to in subsection (1) (d) (i) and (ii) was associated with another person at a particular time, that person shall be deemed not to have been so associated in relation to a matter to which the proceedings relate unless the person alleging the association proves that the first-mentioned person at that time knew or ought reasonably to have known the material particulars of that matter.

(3) A person shall not be taken to be associated with another person by virtue of subsection (1) (b), (c), (e) or (f) by reason only that one of those persons furnishes advice to, or acts on behalf of, the other person in the proper performance of the functions attaching to his professional

capacity or to his business relationship with the other person.

Interest in securities.

4.—(1) Where any property held in trust consists of or includes securities in which a person knows, or has reasonable grounds for believing, that he has an interest, he shall be deemed to have interest in those securities.

(2) A right does not constitute an interest in a security where —

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- (a) a right, being a right or an interest described in the definition of “interest” in section 107 of the Companies Act was issued or offered to the public for subscription or purchase;
- (b) the public was invited to subscribe for or purchase such a right, and the right was so subscribed for or purchased; or
- (c) such a right is held by the management company and was issued for the purpose of an offer to the public within the meaning of section 107 of the Companies Act.

(3) A person shall be deemed to have an interest in a security where a body corporate has an interest in a security and —

- (a) the body corporate is, or its directors are, accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of that person in relation to that security;
- (b) that person has a controlling interest in the body corporate; or
- (c) that person is, or the associates of that person or that person and his associates are, entitled to exercise or control the exercise of not less than 15% of the votes attached to the voting shares in the body corporate.

(4) For the purposes of subsection (3) (c), a person is an associate of another person if the first-mentioned person is —

- (a) a corporation which, by virtue of section 6 of the Companies Act, is deemed to be related to that other person;

- (b) a person in accordance with whose directions, instructions or wishes that other person is accustomed or is under an obligation, whether formal or informal, to act in relation to the security referred to in subsection (3);
 - (c) a person who is accustomed or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of that other person in relation to that security;
 - (d) a body corporate which is, or the directors of which are, accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of that other person in relation to that security; or
 - (e) a body corporate in accordance with the directions, instructions or wishes of which, or of the directors of which, that other person is accustomed or under an obligation, whether formal or informal, to act in relation to that security.
- (5) A person shall be deemed to have an interest in a security in any one or more of the following circumstances:
- (a) where he has entered into a contract to purchase a security;
 - (b) where he has a right, otherwise than by reason of having an interest under a trust, to have a security transferred to himself or to his order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;
 - (c) where he has the right to acquire a security or an interest in a security, under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or
 - (d) where he is entitled, otherwise than by reason of his having been appointed a proxy or representative to vote at a meeting of members of a body corporate or of a class of its members, to exercise or control the exercise of a right

attached to a security, not being a security of which he is the registered holder.

(6) A person shall be deemed to have an interest in a security if that security is held jointly with another person.

(7) For the purpose of determining whether a person has an interest in a security, it is immaterial that the interest cannot be related to a particular security.

(8) There shall be disregarded —

- (a) an interest in a security if the interest is that of a person who holds the security as bare trustee;
- (b) an interest in a security of a person whose ordinary business includes the lending of money if he holds the interest only by way of security for the purposes of a transaction entered into in the ordinary course of business in connection with the lending of money;
- (c) an interest of a person in a security being an interest held by him by reason of his holding a prescribed office; and
- (d) a prescribed interest in a security being an interest of such person, or of the persons included in such class of persons, as is prescribed.

(9) An interest in a security shall not be disregarded by reason only of —

- (a) its remoteness;
- (b) the manner in which it arose; or
- (c) the fact that the exercise of a right conferred by the interest is, or is capable of being made subject to restraint or restriction.

PART II

ADMINISTRATION

Division 1 — General

5.—(1) The Authority may, at any time, if it considers there is sufficient reason to do so, by notice in writing —

- (a) give a direction to —
 - (i) a securities exchange;
 - (ii) a member of the committee of a securities exchange;

Power of Authority to require production of books by a securities exchange and certain persons.

- (iii) a person who is or has been, either alone or together with another person or other persons, a dealer or an investment adviser or is or has been a dealer's representative or an investment representative;
- (iv) a nominee controlled by a person referred to in sub-paragraph (iii) or jointly controlled by two or more persons at least one of whom is a person referred to in that sub-paragraph;
- (v) a person who is or has been an officer or employee of, or an agent, advocate and solicitor, auditor or other person acting in any capacity for or on behalf of, a securities exchange or a person referred to in sub-paragraph (ii), (iii) or (iv); or
- (vi) any other person who is or has been a party to any dealing in securities,

requiring the production to a person, authorised by the Authority to receive them at such time and place as are specified in the direction, of such books as are so specified, being books relating to —

- (A) the business or affairs of a securities exchange;
 - (B) any dealing in securities;
 - (C) any advice concerning securities or the issuing or publication of a report or analysis concerning securities;
 - (D) the character or financial position of, or any business carried on by, a person referred to in sub-paragraph (iii) or (iv); or
 - (E) an audit of, or any report of an auditor concerning a dealing in securities or any accounts or records of a dealer or of an investment adviser; or
- (b) give a direction to any person requiring the production, to a person authorised by the Authority to receive them, at such time and place as are specified in the direction, of any

books relating to matters mentioned in sub-paragraph (A), (B), (C), (D) or (E) of paragraph (a) that are in the custody or under the control of the person except that the books shall not be required to be produced at such times and at such places as shall unduly interfere with the proper conduct of the normal daily business of that person.

(2) The Authority may from time to time authorise a person, on producing, if required to do so, such evidence of his authority as is prescribed —

(a) to require by notice in writing a securities exchange or a person referred to in sub-paragraph (ii), (iii), (iv), (v) or (vi) of subsection (1) (a) to produce to the authorised person forthwith such books relating to matters mentioned in sub-paragraph (A), (B), (C), (D) or (E) of subsection (1) (a) as are specified by the authorised person and are in the custody or under the control of the securities exchange or person of whom the requirement is made; or

(b) to require by notice in writing a securities exchange or any other person to produce to the authorised person forthwith any books relating to matters mentioned in sub-paragraphs (A), (B), (C), (D) and (E) of subsection (1) (a) that are in the custody or under the control of the securities exchange or other person.

(3) A reference in subsection (1) to a dealing in securities or to a business carried on by a person includes a reference to a dealing in securities by a person as a trustee or to a business carried on by a person as trustee, as the case may be.

(4) An authorisation under subsection (2) may be of general application or may be limited to making requirements of a particular securities exchange or other person or particular securities exchanges or other persons.

(5) Where the Authority, or a person authorised by the Authority, requires the production of any books under this section and a person has a lien on the books, the production of the books does not prejudice the lien.

(6) Where the Authority, or a person authorised by the Authority, exercises a power under this section to require another person to produce books —

(a) if the books are produced, the person to whom the books are produced —

- (i) may take possession of the books and make copies of, or take extracts from, the books;
- (ii) may require the other person or any person who was party to the compilation of the books to make a statement providing an explanation of any of the books;
- (iii) may retain possession of the books for as long as the Authority may consider necessary to enable the books to be inspected and copies of or extracts from the books to be made or taken by or on behalf of the Authority; and
- (iv) shall permit the other person, upon giving a reasonable notice and specifications of the books, to have access to such books which are in the possession of the Authority; or

(b) if the books are not produced, the Authority or the authorised person may require the other person —

- (i) to state, to the best of his knowledge and belief, where the books may be found; and
- (ii) to identify the person who, to the best of his knowledge and belief, last had custody of the books and to state, to the best of his knowledge and belief, where that last-mentioned person may be found.

(7) A person shall not be subject to any liability by reason that the person complies with a direction given or purporting to have been given under subsection (1) or a requirement made or purporting to have been made under subsection (2).

(8) A power conferred by this section to make a requirement of a person extends, if the person is a body corporate, including a body corporate that is in the course of being wound up, or was a body corporate, being a body corporate that has been dissolved, to making that requirement of any person who is or has been an officer of the body corporate.

(9) Whenever it appears to any magistrate, upon written information on oath, and after any enquiry he may think necessary, that there are reasonable grounds for suspecting that there are on particular premises any books the production of which has been required by virtue of this section, and which have not been produced in compliance with that requirement, the magistrate may issue a warrant authorising the Authority or any person named therein with or without assistance —

(a) to search the premises and to break open and search any cupboard, drawer, chest, trunk, box, package or other receptacle, whether a fixture or not, in the premises; and

(b) to take possession of, or secure against interference, any books that appear to be books the production of which was so required.

(10) The powers conferred under subsection (9) are in addition to, and not in derogation of, any other powers conferred by law.

(11) In this section, “premises” includes any structure, building, aircraft, vehicle, vessel or place.

(12) A person is not excused from making a statement providing an explanation as to any matter relating to the compilation of any books or as to any matter to which any books relate pursuant to a requirement made of him in accordance with this section on the ground that the statement might tend to incriminate him but, where the person claims before making a statement that the statement might tend to incriminate him, the statement is not admissible in evidence against him in criminal proceedings other than proceedings under this section.

(13) Subject to subsection (12), a statement made by a person in compliance with a requirement made under this section may be used in evidence in any criminal or civil proceedings against the person.

6.—(1) A person who, without reasonable excuse, Penalties. refuses or fails to comply with a requirement made under section 5 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

(2) A person who, in purported compliance with a requirement made under section 5, furnishes information or makes a statement that is false or misleading in a material particular shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

(3) A person, without reasonable excuse, who obstructs or hinders the Authority or another person in the exercise of any power under section 5 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

7.—(1) Subject to this section and section 9, a copy of or extract from a book relating to a matter mentioned in section 5 (1) (a) (A), (B), (C), (D) or (E) is admissible in evidence as if it were the original book or the relevant part of the original book. Copies or extracts of books to be admitted in evidence.

(2) A copy of or extract from a book is not admissible in evidence under subsection (1) unless it is proved that the copy or extract is a true copy of the book or of the relevant part of the book.

(3) For the purposes of subsection (2), evidence that a copy of or extract from a book is a true copy of the book or of a part of the book may be given by a person who has compared the copy or extract with the book or the relevant part of the book and may be given orally or by an affidavit sworn, or by a declaration made, before a person authorised to take affidavits or statutory declarations.

8. Nothing in section 5 shall compel the production by an advocate and solicitor of a document containing a privileged communication made by or to him in that capacity or authorise the taking of possession of any such document which is in his possession but if the advocate or solicitor refuses to produce the document he shall nevertheless be obliged to give the name and address (if he knows them) of Savings for advocates and solicitors.

the person to whom or by or on behalf of whom the communication was made.

Secrecy of information obtained from books.

9.—(1) No information obtained from any books which have been produced under section 5 shall, without the previous consent in writing of the person who had custody or control of the books, be published or disclosed, except to the Authority and its officers and employees, unless the publication or disclosure is required —

(a) with a view to the institution of, or otherwise for the purposes of, any criminal proceedings pursuant to, or arising out of this Act or any other written law; or

(b) for the purpose of proceedings under section 5.

(2) A person who publishes any information in contravention of this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

Disclosure to Authority.

10.—(1) The Authority may, where it considers it necessary for the protection of investors, require a dealer or an exempt dealer to disclose to it, in relation to any acquisition or disposal of securities, the name of the person from or through whom or on whose behalf the securities were acquired or to or through whom or on whose behalf the securities were disposed of and the nature of the instructions given to the dealer in respect of the acquisition or disposal.

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(2) Subject to section 42 of the Banking Act, the Authority may require a person who has acquired, held or disposed of securities to disclose to it whether he acquired, held or disposed of those securities, as the case may be, as trustee for, or on behalf of, another person and, whether as a nominee or not and, if he acquired, held or disposed of those securities as trustee for, or on behalf of, another person, and whether as a nominee or not, to disclose the name of that other person and the nature of any instructions given to the first-mentioned person in respect of the acquisition, holding or disposal.

(3) The Authority may require a securities exchange to disclose to it, in relation to an acquisition or disposal of

securities on the stock market of that securities exchange, the names of the members of that securities exchange who acted in the acquisition or disposal.

(4) Where the Authority considers —

- (a) that it may be necessary to prohibit trading in securities of, or made available by, a body corporate pursuant to section 22;
- (b) that a person may have contravened the provisions of Part IX in relation to securities of, or made available by, a body corporate; or
- (c) that a person may have contravened a provision of Division 4 of Part IV of the Companies Act in relation to securities in a body corporate,

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the Authority —

- (i) may require a director, secretary or executive officer of the body corporate referred to in paragraph (a), (b) or (c) to disclose to the Authority any information of which he is aware, being information that might have affected any dealing that has taken place, or that might affect any dealing that may take place, in securities of, or made available by, the body corporate of which he is the director, secretary or executive officer, as the case may be; and
- (ii) may require a person whom the Authority believes on reasonable grounds to be capable of giving information concerning —
 - (A) any dealing in relevant securities;
 - (B) any advice given by a dealer, an investment adviser, a dealer's representative or an investment representative concerning relevant securities;
 - (C) the issuing or publication of a report or analysis by a dealer, an investment adviser, a dealer's representative or an investment representative concerning relevant securities;
 - (D) the financial position of any business carried on by a person who is or has been (either alone or together with another person or other persons) a

dealer or an investment adviser and has dealt in, or given advice concerning, as the case may be, relevant securities;

- (E) the financial position of any business carried on by a nominee controlled by a person referred to in sub-paragraph (C) or jointly controlled by two or more persons at least one of whom is a person referred to in that sub-paragraph; or
- (F) an audit of, or any report of an auditor concerning, any accounts or records of a dealer or of an investment adviser, being accounts or records relating to dealings in relevant securities,

to disclose to the Authority the information that the person has in relation to the matters concerning which the Authority believes that the person is capable of giving information.

(5) For the purposes of subsection (4), “relevant securities” means — in a case to which paragraph (a), (b) or (c) of that subsection applies — securities of, or made available by, the body corporate referred to in that paragraph.

(6) A person is not excused from disclosing information to the Authority pursuant to a requirement made of him under subsection (4) on the ground that the disclosure of the information might tend to incriminate him.

(7) Where a person claims, before making an oral statement disclosing information that he is required to disclose by a requirement made of him under subsection (4), that the statement might tend to incriminate him, evidence of that statement is not admissible in evidence against him in criminal proceedings other than proceedings under this section.

(8) A person who or securities exchange which, without reasonable excuse, refuses or fails to comply with a requirement of the Authority under subsection (1), (2), (3) or (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

(9) A person who, in purported compliance with a requirement of the Authority under subsection (1), (2), (3) or (4), discloses information, or makes a statement, that is false or misleading in a material particular shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

(10) It is a defence to a prosecution for an offence under subsection (9) if the defendant proves that he believed on reasonable grounds that the information or statement was true and was not misleading.

(11) In this section a reference to disclosing information includes, in relation to information that is contained in a document, a reference to furnishing the document.

(12) A person shall not be subject to any liability by reason that the person complies with a requirement made or purporting to have been made under this section.

11. Where the Authority has reason to suspect that a person has committed an offence under a provision of this Act or has been guilty of fraud or dishonesty in relation to a dealing in securities, it may make such investigation as it thinks expedient for the due administration of this Act.

Investigation
of certain
matters.

12.—(1) The Authority may, from time to time, inspect under conditions of secrecy, the books, accounts, documents and transactions of a securities exchange, a dealer or an investment adviser.

Inspections
by Authority.

(2) The Authority may appoint any person to exercise the power of the Authority under subsection (1).

(3) For the purpose of an inspection under this section, the securities exchange or any of the persons referred to in subsection (1), under inspection, shall afford the Authority access to, and shall produce, its or his books, accounts and documents and shall give such information and facilities as may be required to conduct the inspection.

(4) Any person appointed by the Authority shall, at all times, have the power to copy or take possession of the books, accounts and other documents of a securities exchange, a dealer or investment adviser.

(5) Any person who or securities exchange which fails, without reasonable excuse, to produce any book, account or document or furnish any information or facilities in accordance with subsection (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding one year or to both.

Power of court to make certain orders.

13.—(1) Where —

- (a) on the application of the Authority, it appears to the High Court that a person has committed an offence under this Act, or has contravened the conditions or restrictions of a licence or the rules or listing rules of a securities exchange or is about to do an act with respect to dealing in securities that, if done, would be such an offence or contravention; or
- (b) on the application of a securities exchange, it appears to the High Court that a person has contravened the rules or listing rules of the securities exchange,

the High Court may, without prejudice to any orders it would be entitled to make otherwise than pursuant to this section, make one or more of the following orders:

- (i) in the case of persistent or continuing breaches of this Act, or of the conditions or restrictions of a licence, or of the rules or listing rules of a securities exchange, an order restraining a person from carrying on a business of dealing in securities, acting as an investment adviser or as a dealer's representative or investment representative, or from holding himself out as so carrying on business or so acting;
- (ii) an order restraining a person from acquiring, disposing of or otherwise dealing with any securities that are specified in the order;
- (iii) an order appointing a receiver of the property of a dealer or of property that is held by a dealer for or on behalf of another person whether on trust or otherwise;
- (iv) an order declaring a contract relating to securities to be void or voidable;

- (v) for the purpose of securing compliance with any other order under this section, an order directing a person to do or refrain from doing a specified act; and
- (vi) any ancillary order deemed to be desirable in consequence of the making of an order under any of the preceding provisions of this subsection.

(2) The High Court may, before making an order under subsection (1), direct that notice of the application be given to such persons as it thinks fit or direct that notice of the application be published in such manner as it thinks fit, or both.

(3) A person appointed by order of the High Court under subsection (1) as a receiver of the property of a dealer —

- (a) may require the dealer to deliver to the receiver any property of which he has been appointed receiver or to give to the receiver all information concerning that property that may reasonably be required;
- (b) may acquire and take possession of any property of which he has been appointed receiver;
- (c) may deal with any property that he has acquired or of which he has taken possession in any manner in which the dealer might lawfully have dealt with the property; and
- (d) has such other powers in respect of the property as the High Court specifies in the order.

(4) In subsections (1) and (3), “property”, in relation to a dealer, includes moneys, securities and documents of title to securities or other property entrusted to or received on behalf of any other person by the dealer or another person in the course of or in connection with a business of dealing in securities carried on by the dealer.

(5) Any person who, without reasonable excuse, contravenes or fails to comply with —

- (a) an order under subsection (1) that is applicable to him; or
- (b) a requirement of a receiver appointed by order of the High Court under subsection (1),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

(6) Subsection (5) does not affect the powers of the High Court in relation to the punishment of contempts of court.

(7) The High Court may rescind, vary or discharge an order made by it under this section or suspend the operation of such an order.

Division 2 — Securities Industry Council

Securities
Industry
Council.

14.—(1) The advisory body established by the Minister under section 3 of the repealed Act and known as the Securities Industry Council shall continue in existence as if established under this Act.

(2) The function of the Securities Industry Council shall, in addition to the functions conferred upon it by this Division or by any other written law, be to advise the Minister on all matters relating to the securities industry.

(3) The Securities Industry Council shall consist of such representatives of business, government and the Authority as the Minister may appoint and those representatives shall serve for such period or periods as the Minister may decide.

(4) The Securities Industry Council shall have the power, in the exercise of its functions, to enquire into any matter or thing related to the securities industry and for this purpose may summon any person to give evidence on oath or affirmation or produce any document or material necessary for the purpose of the enquiry.

(5) Nothing in subsection (4) shall compel the production by an advocate and solicitor of a document containing a privileged communication made by or to him in that capacity or authorise the taking of possession of any such document which is in his possession but if the advocate and solicitor refuses to produce the document he shall nevertheless be obliged to give the name and address (if he knows them) of the person to whom or by or on behalf of whom the communication was made.

(6) The Authority may from time to time consult the Securities Industry Council for the proper and effective implementation of this Act.

PART III

SECURITIES EXCHANGES

15.—(1) No person shall establish or maintain or assist in establishing or maintaining or hold himself out as providing or maintaining a stock market that is neither a stock market of a securities exchange nor an exempt stock market. Establishment, etc., of stock markets.

(2) The Minister may, by notice in writing, declare that a specified stock market, or a stock market included in a specified class of stock markets, is, subject to any specified conditions, an exempt stock market for the purposes of this Act.

(3) Without limiting the matters to which the Minister may have regard in considering whether to vary or revoke a declaration in force under subsection (2), the Minister may, in so considering, have regard to a breach of a condition specified in the declaration.

(4) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 and in the case of a second or subsequent conviction to a further fine not exceeding \$30,000.

16.—(1) Application for approval as a stock exchange may be made to the Minister in the prescribed form and manner. Power of Minister to approve a stock exchange.

(2) The Minister may, by notice in writing, approve a body corporate as a stock exchange if he is satisfied —

(a) that at least 10 members of the body corporate will carry on the business of dealing in securities independently of and in competition with each other;

(b) that the rules of the body corporate make satisfactory provision —

(i) for the exclusion from membership of persons who are not of good character and high business integrity;

(ii) for the expulsion, suspension or disciplining of members for conduct inconsistent

with just and equitable principles in the transaction of business or for a contravention of or failure to comply with the rules of the stock exchange or the provisions of this Act;

- (iii) with respect to the conditions under which securities may be listed for trading in the market proposed to be conducted by the body corporate;
 - (iv) with respect to the conditions governing dealings in securities by members;
 - (v) with respect to the class or classes of securities that may be dealt in by members;
 - (vi) with respect to a fair representation of persons in the selection of its committee members and administration of its affairs and provide that one or more committee members shall be representative of listed companies and investors and not be associated with a stockbroker or dealer; and
 - (vii) generally, for the carrying on of the business of the stock exchange with due regard to the interests of the public; and
- (c) that the interests of the public will be served by the granting of his approval.

(3) Nothing in this section shall preclude the Minister from time to time appointing any person or persons, who is or are knowledgeable about the securities industry and who is or are not associated with a stockbroker or dealer, to be on the committee of the stock exchange to represent the public interest and the person or persons so appointed —

- (a) shall have the same rights, powers, duties and obligations, liberties and privileges as any other member of the committee of the stock exchange; and
- (b) shall hold office for a period specified by the Minister who may at any time revoke such an appointment.

17.—(1) A body corporate that proposes to establish, maintain or provide a stock market may make an application in writing to the Minister to be approved as an approved securities organisation.

Power of Minister to approve a body corporate as an approved securities organisation.

(2) The Minister may, by notice in writing, approve as an approved securities organisation a body corporate that makes an application under subsection (1) if he is satisfied —

(a) that the rules of the body corporate make satisfactory provision —

- (i) for efficient, honest, fair, competitive and informed trading in securities on the stock market or stock markets of the proposed approved securities organisation (referred to in this subsection as the organisation); and
- (ii) generally for the carrying on of the business of the organisation with due regard to the interests of the public,

and, without limiting the generality of the foregoing, make satisfactory provision in relation to such of the following matters as appear to the Minister to be relevant in relation to the application:

- (A) the admission, suspension, expulsion and discipline of members;
- (B) dealings in securities by members;
- (C) the listing of securities for trading on the stock market or stock markets of the organisation;
- (D) trading in securities on the stock market or stock markets of the organisation;
- (E) the clearing and settlement of dealings in securities that result from trading in securities on the stock market or stock markets of the organisation;
- (F) the quotation of securities on, and the reporting of trading in securities on, the stock market or stock markets of the organisation;

- (G) the monitoring of compliance with, and the enforcement of, the business rules of the organisation;
 - (b) that the body corporate has made or adopted listing rules and, where the listing rules are adopted, has made provision to the effect that an amendment of the rules so adopted made by another person is of no effect until the body corporate adopts the amendment;
 - (c) that the listing rules made or adopted by the body corporate make satisfactory provision —
 - (i) with respect to conditions under which securities may be traded on the stock market or stock markets of the organisation; and
 - (ii) generally for the protection of the interests of the public; and
 - (d) that the interests of the public will be served by the granting of its approval.
- (3) The Minister may revoke any approval granted under section 16 and this section if —
- (a) the body corporate ceases to operate as a stock exchange or an approved securities exchange;
 - (b) the body corporate is being wound up; or
 - (c) the body corporate is operating in a manner detrimental to the public interest.

Authority to approve amendments to rules.

18.—(1) Where an amendment is made, whether by way of rescission, alteration or addition, to the rules of a securities exchange or the listing rules of a securities exchange, the committee of the securities exchange shall forward a written notice thereof to the Authority for approval.

(2) The Authority may give notice in writing to the securities exchange concerned that it approves the amendment or that it disapproves the whole or any specified part of the amendment in question and until such notice is given the amendment shall not have force and effect.

(3) Nothing in this section shall preclude the Authority, after consultation with the Securities Industry Council and a

committee of a securities exchange, from amending the rules or the listing rules of an approved securities exchange by written notice specifying the amendments and the dates those amendments shall have force and effect but the Authority may dispense with such consultation if it considers it necessary to do so for the protection of investors.

(4) Any notice under this section may be served personally or by post.

19.—(1) A securities exchange shall provide such assistance to the Authority as it reasonably requires for the performance of its functions and duties, including the furnishing of such returns and providing such information relating to its business or in respect of such dealing in securities or any other specified information as the Authority may require for the proper administration of this Act.

Securities exchange to provide assistance to Authority and disciplinary powers of Authority.

(2) Where a securities exchange reprimands, fines, suspends, expels or otherwise takes disciplinary action against a member of the securities exchange, it shall, within 7 days, give to the Authority in writing particulars of the name of the member, the reason for and nature of the action taken, the amount of the fine, if any, and the period of the suspension, if any.

(3) The Authority may review any disciplinary action taken by a securities exchange under subsection (2) and may affirm or set aside a securities exchange decision after giving the member and the securities exchange an opportunity to be heard.

(4) Nothing in this section shall preclude the Authority in any case where a securities exchange fails to act against a member from itself, suspending, expelling or otherwise disciplining a member of the exchange but before doing so the Authority shall give the member and the securities exchange an opportunity to be heard.

(5) Any person who is aggrieved by the decision of a securities exchange or the Authority under this section may, within one month after he is notified of the decision, appeal to the Minister whose decision shall be final.

Power of court to order observance or enforcement of rules or listing rules of a securities exchange.

20.—(1) Where any person who is under an obligation to comply with, observe, enforce or give effect to the rules or listing rules of a securities exchange fails to comply with, observe, enforce or give effect to any of those rules or listing rules, as the case may be, the High Court may, on the application of the Authority, a securities exchange or a person aggrieved by the failure, and after giving to the person against whom the order is sought an opportunity of being heard, make an order giving directions to that person concerning the compliance with, observance or enforcement of, or the giving effect to, those rules or listing rules.

(2) For the purposes of subsection (1), a person (referred to in this subsection as the relevant person), being —

- (a) a body corporate that has been admitted to the official list of a securities exchange and has not been removed from that official list; or
- (b) a person associated with a body corporate that has been admitted to the official list of a securities exchange and has not been removed from that official list,

shall be deemed to be under an obligation to comply with, observe and give effect to the listing rules of that securities exchange to the extent to which those rules purport to apply in relation to the relevant person.

Power to issue directions to a securities exchange.

21.—(1) The Authority may, where it appears to be in the public interest, issue directions to a securities exchange —

- (a) with respect to trading on or through the facilities of that securities exchange or with respect to any security listed on that securities exchange;
- (b) with respect to the manner in which a securities exchange carries on its business, including the manner of reporting off-market purchases; or
- (c) with respect to any other matters which the Authority considers necessary for the effective administration of this Act,

and the securities exchange shall comply with any such direction.

(2) A securities exchange which, without reasonable excuse, fails or refuses to comply with a direction given

under subsection (1), shall be guilty of an offence and shall be liable on conviction to a fine of \$20,000 and to a further fine of \$5,000 for every day during which the non-compliance continues after conviction.

(3) A securities exchange that feels aggrieved by any direction of the Authority under subsection (1) may appeal to the Minister so long as the appeal is made within 30 days of the date of the Authority's direction.

(4) In any appeal under subsection (3), the decision of the Minister shall be final.

(5) Where the Authority is satisfied that an executive officer of a securities exchange has wilfully contravened this Act or any regulations made thereunder or the rules of a securities exchange or has, without reasonable justification or excuse, failed to enforce compliance with such provisions by a member of the securities exchange or a person associated with that member, the Authority may, if it thinks it is necessary in the public interest or for the protection of investors, and after giving the executive officer, an opportunity of being heard, direct by notice in writing the securities exchange to remove from office or employment the executive officer, and the securities exchange shall comply with the direction; or the Authority may instead censure the executive officer.

22.—(1) Without prejudice to the generality of section 21, where the Authority forms the opinion that it is necessary to prohibit trading in particular securities of, or made available by, a body corporate on the stock market of a securities exchange in order to protect persons buying or selling the securities or in the interests of the public, the Authority may give notice in writing to the securities exchange stating that it has formed that opinion and setting out the reasons for the formation of that opinion.

Power of Authority to prohibit trading in particular securities.

(2) If, after the receipt of the notice, the securities exchange does not take action to prevent trading in the securities to which the notice relates on the stock market of the securities exchange and the Authority is still of the opinion that it is necessary to prohibit trading in those securities on that stock market, the Authority may, by notice in writing to the securities exchange, prohibit trading in those securities on that stock market during such period, not exceeding 14 days, as is specified in the notice.

(3) Where the Authority gives a notice to a securities exchange under subsection (2) in relation to trading in securities of, or made available by, a body corporate, the Authority shall —

- (a) at the same time send a copy of the notice to the body corporate together with a statement setting out the reasons for the giving of the notice; and
- (b) as soon as practicable furnish to the Minister a written report setting out the reasons for the giving of the notice and send a copy of the report to the securities exchange.

(4) Where the Authority gives a notice to a securities exchange under subsection (2) in relation to trading in securities of, or made available by, a body corporate, the body corporate may request the Authority in writing to refer the matter to the Minister.

(5) Where such a request is made, the Authority shall forthwith refer the matter to the Minister, who may, if he thinks fit, direct the Authority to revoke the notice and, if such a direction is given, the Authority shall forthwith revoke the notice, but if the Minister confirms the prohibition imposed by the Authority, the decision of the Minister shall be final.

(6) A securities exchange which permits trading in securities on the stock market of the securities exchange in contravention of a notice under subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine of \$20,000 and to a further fine of \$5,000 for every day during which the contravention continues after conviction.

PART IV

Division 1 — Licensing of dealers, investment advisers and their representatives

23. Where a person would but for this section be liable to pay a penalty for not being the holder of a particular licence, he shall not be so liable where before the expiration of that licence he applied for renewal of his licence until —

- (a) his licence is renewed; or
- (b) his application for renewal is refused.

Application
of this
Division.

24.—(1) No person shall carry on a business of dealing in securities or hold himself out as carrying on such a business unless he is the holder of a dealer's licence under this Part.

Dealer's licence.

(2) Subsection (1) shall not apply to an exempt dealer.

25. No person shall act as a dealer's representative unless he is the holder of a dealer's representative's licence under this Part.

Dealer's representative's licence.

26. No person shall act as an investment adviser or hold himself out to be an investment adviser unless he is the holder of an investment adviser's licence under this Part.

Investment adviser's licence.

27. No person shall act as an investment representative unless he is the holder of an investment representative's licence under this Part.

Investment representative's licence.

28.—(1) An application for a licence or for the renewal of a licence shall be made to the Authority in the prescribed form and manner and shall be accompanied by the prescribed fee (which shall be paid in the manner specified by the Authority) and, in the case of an application for renewal of a licence, shall be made not later than one month before the expiry of the licence.

Application for licence or renewal.

(2) The Authority may require an applicant to supply it with such further information as it considers necessary in relation to the application.

(3) The Authority shall not refuse to grant or renew a licence without first giving the applicant or the holder of a licence an opportunity of being heard.

(4) Where the Authority rejects an application for a licence or the renewal of a licence, the prescribed fee shall be refundable to the applicant but the prescribed fee shall not be refundable on the withdrawal of an application.

29.—(1) A dealer's licence shall only be granted to a body corporate.

Grant of dealer's licence or investment adviser's licence.

(2) A dealer's licence shall only be granted if the dealer meets and continues to meet such minimum financial requirements as may be determined by regulations made by the Authority, either generally or specifically, or are provided in such rules of a securities exchange as have been approved by the Authority.

(3) Subject to section 28 (3) and the regulations made under this Act, where an application is duly made for the grant or renewal of a dealer's licence or investment adviser's licence, the Authority shall refuse the application if —

(a) in the case of an applicant who is a natural person —

- (i) the applicant has been adjudged a bankrupt whether in Singapore or elsewhere;
 - (ii) the applicant has been convicted, either within Singapore or elsewhere, within the period of 10 years immediately preceding the date on which the application was made, of an offence involving fraud or dishonesty punishable on conviction with imprisonment for a term of 3 months or more;
 - (iii) the Authority is not satisfied as to the educational qualification or experience of the applicant having regard to the nature of the duties of a holder of an investment adviser's licence;
 - (iv) the Authority has reason to believe that the applicant is not of good fame and character; and
 - (v) the Authority has reason to believe that the applicant will not perform the duties of a holder of an investment adviser's licence efficiently, honestly and fairly;
- or

(b) in the case of an applicant that is a body corporate —

- (i) the body corporate is in the course of being wound up under the Companies Act;
- (ii) the body corporate is a body corporate in respect of property of which a receiver, or a receiver and manager, has been appointed under the Companies Act;
- (iii) the body corporate has, whether within or outside Singapore, entered into a

compromise or scheme of arrangement with its creditors, being a compromise or scheme of arrangement that is still in operation;

- (iv) the Authority is not satisfied as to the educational qualifications or experience of the officers of the applicant who are to perform duties in connection with the holding of the dealer's licence or investment adviser's licence, as the case may be; and
- (v) the Authority has reason to believe that the applicant will not perform the duties of a holder of a dealer's licence or an investment adviser's licence, as the case may be, efficiently, honestly and fairly.

30. Subject to section 28 (3) and the regulations made under this Act, the Authority shall grant or renew a dealer's representative's licence or investment representative's licence if after consideration of the application it does not have any reason to believe that the applicant will not perform the duties of the holder of a dealer's representative's or an investment representative's licence, as the case may be, efficiently, honestly and fairly but otherwise the Authority shall refuse the licence.

Grant of representative's licence.

31. A person who, in connection with an application for a licence or for the renewal of a licence, wilfully makes a statement which is false or misleading in a material particular knowing it to be false or misleading or wilfully omits to state any matter or thing without which the application is misleading in a material respect, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding one year or to both.

False statements.

32.—(1) In deciding whether a dealer or his representative or an investment adviser or his representative should hold a licence under this Act, the Authority may enquire into any transactions involving the purchase or sale of securities entered into by that person, whether directly or indirectly, during any period of 12 months preceding the application for a licence or renewal of a licence, as the case

Power of Authority to enquire into share transactions in relation to the holding of a licence.

may be (referred to in this section as the relevant period) to ascertain if that person has in such transaction or series of transactions used dishonest, unfair or unethical devices or trading practices, whether such devices or trading practices constitute an offence under this Act or otherwise.

(2) For the purposes of subsection (1), the Authority may, in such form and within such time as it may specify by notice in writing, require a dealer or his representative or an investment adviser or his representative to submit detailed information of all or any transactions involving the purchase or sale of securities, whether such transactions were completed — during the relevant period — before or after the commencement of this Act.

(3) Any person who, without reasonable excuse, fails or refuses to submit information to the Authority within the time specified in the notice referred to in subsection (2) or who gives false or misleading information shall, in addition to any other penalty that may be imposed under this Act, be liable in the case of an application for renewal of a licence to have his licence revoked under section 38 and in the case of first application for a licence to have his application refused.

Power of
Authority
to impose
conditions or
restrictions.

33.—(1) The Authority may grant or renew a licence subject to such conditions or restrictions as it thinks fit and the Authority may, at any time by written notice to a licence holder, vary any condition or restriction or impose further conditions or restrictions.

(2) Without limiting the generality of subsection (1), the Authority may in granting or renewing an investment adviser's licence impose a condition or restriction as to the class or classes of business that an investment adviser may carry on, that is to say, the holder of an investment adviser's licence may be subject to a condition or restriction that —

- (a) he shall only carry on the class of business of advising others concerning securities; or
- (b) he shall only carry on the class of business of issuing or promulgating analyses in reports concerning securities; or
- (c) he shall only carry on a class of business involving the management of a portfolio of securities on behalf of clients for investment purposes; or

(d) he shall carry on any of the classes of business in paragraphs (a), (b) and (c) in combination with each other.

(3) A person who contravenes or fails to comply with any condition of, or restriction in, his licence shall be guilty of an offence.

34.—(1) Except in the case of a dealer who is a member company, the Authority shall not grant or renew a dealer's licence unless there is lodged with the Authority, at the time of the application for the licence, a deposit in the sum of \$100,000 (or such greater sum as the Minister may by order determine) in respect of the licence. Deposit to be lodged in respect of dealer's licence.

(2) A deposit required by subsection (1) shall be in cash or in such other form as the Authority may in any particular case allow.

(3) A deposit lodged under subsection (1) shall be applied by the Authority subject to and in accordance with the regulations made under this Act.

35.—(1) Subject to subsection (2), a licence shall expire one year after the date of issue thereof. Period of licence.

(2) A licence that has been renewed in accordance with the provisions of this Part shall continue in force for a period of one year next succeeding the date upon which but for its renewal it would have expired.

36. Where —

(a) the holder of a dealer's licence or investment adviser's licence ceases to carry on the business to which the licence relates;

(b) the holder of a representative's licence ceases to be a representative of the dealer or investment adviser in relation to whom the representative's licence was issued; or

(c) a change occurs in any matter particulars of which are required by section 37 to be entered in the register of licence holders in relation to the holder of a licence,

the holder of the licence shall, not later than 14 days after the occurrence of the event concerned, give to the

Notification of change of particulars.

Authority, in the prescribed form, particulars in writing of the event concerned.

Register of
licence
holders.

37.—(1) The Authority shall keep in such form as it thinks fit a register of the holders of current licences, specifying —

(a) in relation to each holder of a dealer's or investment adviser's licence —

(i) his name;

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

(iii) where the business is carried on under a name or style other than the name of the holder of the licence, the name or style under which the business is carried on; and

(b) in relation to each holder of a representative's licence —

(i) his name;

(ii) the name of the dealer or investment adviser in relation to whom the licence was issued; and

(iii) where the business of that dealer or investment adviser is carried on under a name or style other than the name of the dealer or investment adviser, the name or style under which that business is carried on.

(2) Any person may, upon payment of the prescribed fee, inspect and take extracts from the register kept under subsection (1).

Revocation
of and
suspension
of licences.

38.—(1) A licence shall be deemed to be revoked, in the case of —

(a) an individual, if the individual dies;

(b) a body corporate, if the corporation has been wound up.

(2) The Authority may revoke a licence —

(a) in the case of a licensed person who is an individual —

- (i) if a levy of execution in respect of him has not been satisfied;
- (ii) if he ceases to carry on business for which he was licensed;
- (iii) if he has been adjudged a bankrupt in Singapore or elsewhere;
- (iv) if, in the case of a representative, the licence of the dealer or investment adviser, in relation to whom the licence was granted, is revoked;
- (v) if the Authority has reason to believe that the licensed person has not performed his duties efficiently, honestly or fairly;
- (vi) if he is convicted of an offence involving fraud or dishonesty punishable by imprisonment for a term of not less than 3 months; or
- (vii) if the licensed person contravenes or fails to comply with any condition or restriction applicable in respect of the licence or any other provision in this Act;

(b) in the case of a body corporate —

- (i) if it is being or will be wound up;
- (ii) if a levy of execution in respect of it has not been satisfied;
- (iii) if a receiver or receiver and manager has been appointed whether by the Court or creditors in respect of the body corporate's property;
- (iv) if it has entered into any composition or arrangement with its creditors;
- (v) if it ceases to carry on the business for which it was licensed;
- (vi) if the Authority has reason to believe that the licensed person, or any of its directors or employees, has not

performed his duties efficiently, honestly or fairly; or

- (vii) if the licensed person contravenes or fails to comply with any conditions or restrictions applicable in respect of the licence or any other provision in this Act.

(3) In a case to which subsection (2) applies, the Authority, if it considers it desirable to do so, may instead of revoking a licence, suspend the licence for a specific period and may at any time remove his or its suspension.

(4) The Authority shall not revoke or suspend a licence under subsection (2) or (3) without first giving such person an opportunity of being heard.

(5) A person whose licence is revoked under this section shall, for the purpose of this Part, be deemed not to be licensed from the date that the Authority revokes or suspends the licence, as the case may be.

(6) A revocation or suspension of a licence of a person shall not operate so as to —

(a) avoid or affect any agreement, transaction or arrangement relating to the trading in securities entered into by such person, whether the agreement, transaction or arrangement was entered into before or after the revocation or suspension of the licence; or

(b) affect any right, obligation or liability arising under any such agreement, transaction or arrangement.

Appeals.

39.—(1) Any person who is aggrieved by the refusal of the Authority to grant or renew a licence may appeal to the Minister, and any person aggrieved by the revocation of a licence may appeal to the High Court, so long as the appeal is made within 30 days of the Authority's decision.

(2) The High Court may confirm the revocation or give such directions in the matter as seem proper or otherwise determine the matter.

(3) In any appeal under this section, the decision of the Minister or the High Court, as the case may be, shall be final and shall be given effect to by the Authority.

Division 2 — Exempt dealers

40. The following specified persons or bodies corporate shall be exempt dealers — Exempt dealers.

- (a) a person who carries on a business of dealing in securities only through the holder of a dealer's licence for his own account;
- (b) any person acting in the capacity of manager or trustee under a unit trust scheme, a deed in respect of which is approved by the Registrar or the Minister under Division 6 of Part IV of the Companies Act; Cap. 50.
- (c) any bank as defined in section 2 of the Banking Act; Cap. 19.
- (d) any merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act if the main business carried on by the merchant bank is a business other than the dealing in securities, and if the dealing is by way of — Cap. 186.
 - (i) making or offering to make with any person an agreement for or with a view to the underwriting of securities;
 - (ii) making an invitation to persons to subscribe for securities or to purchase securities on the first sale thereof;
 - (iii) issuing any document which is or is deemed to be a prospectus within the meaning of the Companies Act;
 - (iv) acquiring or disposing of securities only through the holder of a dealer's licence; or
 - (v) such other way as the Authority may from time to time decide;
- (e) any public statutory corporation constituted under any written law in Singapore; or
- (f) an investment adviser whose dealing in securities is solely incidental to his carrying on the business of managing a portfolio of securities on behalf of a client.

PART V

REGISTERS OF INTERESTS IN SECURITIES

Application
of this Part.

41.—(1) This Part applies to a person who is —

- (a) a dealer;
- (b) a dealer's representative;
- (c) an investment adviser;
- (d) an investment representative;
- (e) a financial journalist.

(2) In this Part, "financial journalist" means a person who contributes advice concerning securities or prepares analyses or reports concerning securities for publication in a bona fide newspaper or periodical.

(3) In this Part, a reference to securities is a reference to securities which are quoted on a securities exchange in Singapore.

Register of
securities.

42.—(1) A person to whom this Part applies shall maintain a register in the prescribed form of the securities in which he has an interest.

(2) Particulars of the securities in which a person to whom this Part applies has an interest and particulars of his interest in those securities shall be entered in the register within 7 days of the acquisition of the interest.

(3) (a) Where there is a change (not being a prescribed change) in the interest or interests of a person to whom this Part applies in securities he shall enter in the register full particulars of the change including the date of the change and the circumstances by reason of which that change has occurred.

(b) The entry shall be made within 7 days after the date of the change.

(c) For the purposes of this subsection where a person acquires or disposes of securities, there shall be deemed to be a change in the interest or interests of that person.

Notice of
particulars
to Authority.

43.—(1) A person to whom this Part applies shall give notice to the Authority in the prescribed form containing such particulars as are prescribed including the place at which he will keep the register of his interests in securities.

(2) The notice shall be given —

(a) in the case of a person who is required by this Act to hold a licence — as part of his application for the licence; or

(b) in the case of any other person — if the person becomes a person to whom this Part applies within 14 days after becoming such a person.

(3) The notice shall be so given notwithstanding that the person has ceased to be a person to whom this Part applies before the expiration of the period referred to in subsection (2).

(4) A person who ceases to be a person to whom this Part applies shall, within 14 days of his so ceasing, give notice of the fact to the Authority.

(5) A person who fails or neglects to give notice as required by this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$2,000.

44.—(1) It is a defence to a prosecution for failing to comply with section 42 or 43 if the defendant proves that his failure was due to his not being aware of a fact or occurrence the existence of which was necessary to constitute the offence and that —

Defence to prosecution.

(a) he was not so aware on the date of the summons; or

(b) he became so aware not less than 14 days before the date of the summons and complied with the relevant section within 14 days after becoming so aware.

(2) For the purposes of subsection (1), a person shall, in the absence of proof to the contrary, conclusively be presumed to have been aware of a fact or occurrence at a particular time of which an employee or agent of the person, being an employee or agent having duties or acting in relation to his employer's or principal's interest or interests in the securities concerned, was aware at that time.

45.—(1) The Authority or any person authorised by it in that behalf may require any person to whom this Part applies to produce for inspection the register required to be kept pursuant to section 42 and the Authority or any person so authorised may make extracts from the register.

Production of register.

(2) Any person who fails to produce a register for inspection or fails to allow any person authorised under subsection (1) to make a copy of or make extracts from the register shall be guilty of an offence.

Particulars
of financial
journalists.

46.—(1) The Authority or any person authorised by it in that behalf may by notice in writing require the proprietor or publisher of a newspaper or periodical to supply him with the name and address of the financial journalist who has contributed any advice or prepared any analysis or report that has been published in a newspaper or periodical owned or published by that proprietor or publisher or with the names and addresses of all the financial journalists who have contributed any such advice or prepared any such analysis or report within a period specified in the notice.

(2) A proprietor or publisher of a newspaper or periodical who, without reasonable excuse, fails to comply with a notice under subsection (1) shall be guilty of an offence.

Extract of
register.

47. The Authority may supply a copy of the extract of a register obtained pursuant to section 45 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.

PART VI

CONDUCT OF SECURITIES BUSINESS

Certain
representa-
tions
prohibited.

48.—(1) No person who is the holder of a licence shall represent or imply or knowingly permit to be represented or implied in any manner to any person that his abilities or qualifications have in any respect been approved by the Authority.

(2) The statement that a person is the holder of a licence under this Act is not a contravention of this section.

Issues of
contract
notes.

49.—(1) A dealer shall, in respect of a transaction of sale or purchase of securities, forthwith give a contract note that complies with subsection (2) to —

(a) where the transaction took place in the ordinary course of business at a securities exchange and the dealer entered into the transaction otherwise

- than as principal — the person for whom the dealer entered into the transaction;
- (b) where the transaction did not take place in the ordinary course of business at a securities exchange and the dealer entered into the transaction otherwise than as principal — the person for whom the dealer entered into the transaction and the person with whom the dealer entered into the transaction; and
 - (c) where the transaction did not take place in the ordinary course of business at a securities exchange and the dealer entered into the transaction as principal — the person with whom the dealer entered into the transaction.
- (2) A contract note given by a dealer under subsection (1) shall include —
- (a) the name or style under which the dealer carries on his business as a dealer and the address of the principal place at which he so carries on business;
 - (b) where the dealer is dealing as principal with a person who is not the holder of a dealer's licence, a statement that he is so acting;
 - (c) the name and address of the person to whom the dealer gives the contract note;
 - (d) the day on which the transaction took place and, if the transaction did not take place in the ordinary course of business at a securities exchange, a statement to that effect;
 - (e) the number, or amount and description, of the securities that are the subject of the contract;
 - (f) the price per unit of the securities;
 - (g) the amount of the consideration;
 - (h) the rate and amount of commission (if any) charged;
 - (i) the amounts of all stamp duties or other duties and taxes payable in connection with the contract; and
 - (j) if an amount is to be added to or deducted from the settlement amount in respect of the right to a benefit purchased or sold together with the

securities, the first-mentioned amount and the nature of the benefit.

(3) A dealer shall not include in a contract note given under subsection (1), as the name of the person with or for whom he has entered into the transaction, a name that he knows, or could reasonably be expected to know, is not the name by which that person is ordinarily known.

(4) A reference in this section to a dealer dealing, or entering into a transaction, as principal includes a reference to a person —

- (a) dealing or entering into a transaction on behalf of a person associated with him;
- (b) dealing in securities on behalf of a body corporate in which he has a controlling interest; or
- (c) where he carries on business as a dealer on behalf of a body corporate in which his interest and the interest of his directors together constitute a controlling interest.

(5) For the purposes of this section —

- (a) a dealer who is a member of a securities exchange shall not be taken to have entered into a transaction as principal by reason only that the transaction was entered into with another dealer who is a member of a securities exchange; and
- (b) a transaction takes place in the ordinary course of business at a securities exchange if it takes place in prescribed circumstances or is a transaction that is a prescribed transaction for the purposes of this section.

(6) Notwithstanding section 3, a person is not associated with another person for the purposes of this section by reason only that he is a director of a body corporate of which the other person is also a director, whether or not the body corporate carries on a business of dealing in securities.

Certain persons to disclose certain interests in securities.

50.—(1) Where a person who is a dealer, investment adviser, dealer's representative or investment representative sends circulars or other similar written communications in which he made a recommendation, whether expressly or by implication, with respect to securities or a class of securities, the first-mentioned person

shall cause to be included in each circular or other communication, in type not less legible than that used in the remainder of the circular or other communication, a concise statement of the nature of any interest in, or any interest in the acquisition or disposal of, those securities or securities included in that class that the first-mentioned person or a person associated with him has at the date on which the first-mentioned person last sends the circular or other communication.

(2) It is a defence to a prosecution for an offence against subsection (1) in relation to a failure to include in a circular or other communication a statement of the nature of an interest in, or an interest in the acquisition or disposal of, securities or securities included in a class of securities, being an interest of the defendant or of a person associated with the defendant, if the defendant establishes that, at the time at which the circular or other communication was sent, he was not aware and could not reasonably be expected to have been aware —

- (a) that he had an interest in, or an interest in the acquisition or disposal of, those securities or securities included in that class; or
- (b) that the person associated with him had an interest in, or an interest in the acquisition or disposal of, those securities or securities included in that class,

as the case may be.

(3) For the purposes of subsections (1) and (2) —

- (a) an interest of a person in the disposal of securities includes any financial benefit or advantage that will, or is likely to, accrue directly or indirectly to the person upon or arising out of the disposal of the securities;
- (b) without limiting the generality of paragraph (a), a person who has entered into an underwriting agreement in respect of securities shall be deemed to have an interest in the acquisition or disposal of those securities; and
- (c) notwithstanding section 3, a person is not associated with another person in relation to the sending of a circular or other communication or

the making of a recommendation by reason only that he is a director of a body corporate of which the other person is also a director, whether or not the body corporate carries on a business of dealing in securities,

unless the person and the other person are acting jointly, or otherwise acting together or under or in accordance with an arrangement made between them, in relation to the sending of the circular or communication or the making of the recommendation.

(4) Where —

- (a) a person has subscribed for or purchased securities for the purpose of offering all or any of them to the public for purchase; and
- (b) the person offers any of those securities for purchase,

the person shall not make a recommendation, whether orally or in writing and whether expressly or by implication, with respect to the securities offered for purchase unless he has informed each person to whom the recommendation is made that he acquired the securities for that purpose.

(5) Where —

- (a) securities have been offered for subscription or purchase; and
- (b) a person has subscribed for or purchased or is or will or may be required to subscribe for or purchase, any of those securities under an underwriting or sub-underwriting agreement by reason that some or all of the securities have not been subscribed for or purchased,

the person shall not, during the period of 90 days after the close of the offer, make an offer to sell those securities, otherwise than in the ordinary course of trading on a securities exchange, or make a recommendation with respect to those securities unless the offer or recommendation contains or is accompanied by a statement to the effect that the offer or recommendation relates to securities that he has acquired, or is or will or may be required to acquire, under an underwriting or sub-underwriting agreement by reason that some or all of the securities have not been subscribed for or purchased.

(6) A person who is a dealer, investment adviser, dealer's representative or investment representative shall not send to a person a circular or other communication or written offer or recommendation to which subsection (1), (4) or (5) applies unless the circular or other communication or the offer or recommendation —

- (a) if the first-mentioned person is a natural person — is signed by that person;
- (b) if the first-mentioned person is a body corporate — signed by a director, executive officer or secretary of the body corporate.

(7) When a person who is a dealer, investment adviser, dealer's representative or investment representative, sends to a person a circular or other communication or a written offer or recommendation to which subsection (1), (4) or (5) applies, the first-mentioned person shall preserve a copy of the circular or other communication or of the written offer or recommendation, duly signed by the person concerned, mentioned in subsection (6) for 7 years.

(8) Reference in this section to an offer of securities shall be construed as including a reference to a statement, however expressed, that is not an offer but expressly or impliedly invites a person to whom it is made to offer to acquire securities.

(9) For the purposes of this section, a circular or other communication or a written offer or recommendation sent to a person shall, if it is signed by a director, executive officer or secretary of a body corporate, be deemed to have been sent by the body corporate.

(10) The Authority may, if it is in the public interest, exempt a security or any class of securities from the application of this section.

(11) Any person who contravenes this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding one year or to both.

51.—(1) An adviser who —

- (a) makes a recommendation with respect to securities or a class of securities to a person who may reasonably be expected to rely on the recommendation; and

Recommen-
dations
by adviser.

(b) does not have a reasonable basis for making the recommendation to the person,
contravenes this subsection.

(2) For the purposes of subsection (1), an adviser does not have a reasonable basis for making a recommendation to a person unless —

- (a) the adviser has, for the purposes of ascertaining that the recommendation is appropriate having regard to the information possessed by the adviser concerning the investment objectives, financial situation and particular needs of the person, given such consideration to, and conducted such investigation of, the subject-matter of the recommendation as is reasonable in all the circumstances; and
- (b) the recommendation is based on that consideration and investigation.

(3) An adviser who contravenes subsection (1) is not guilty of an offence under subsection (1) or under section 116.

(4) Where —

- (a) an adviser contravenes subsection (1) by making a recommendation to a person;
- (b) the person, in reliance on the recommendation, does a particular act, or refrains from doing a particular act;
- (c) it is reasonable, having regard to the recommendation and all other relevant circumstances, for the person to do that act, or to refrain from doing that act, as the case may be, in reliance on the recommendation; and
- (d) the person suffers loss or damage as a result of doing that act, or refraining from doing that act, as the case may be,

the adviser is liable to pay damages to the person in respect of that loss or damage.

(5) In this section —

- (a) a reference to an adviser is a reference to a person who is a dealer, investment adviser, dealer's representative or investment representative; and

- (b) a reference to the making of a recommendation is a reference to the making of a recommendation, whether expressly or by implication.

52.—(1) Subject to subsection (4), a dealer shall not, as principal, deal in any securities with a person who is not a dealer unless he first informs the person with whom he is dealing that he is acting in the transaction as principal and not as agent. Deals as principal.

(2) A reference in this section to a dealer dealing or entering into a transaction, as principal includes a reference to a person —

- (a) dealing or entering into a transaction on behalf of a person associated with him;
- (b) dealing in securities on behalf of a body corporate in which he has a controlling interest; or
- (c) where he carries on business as a dealer on behalf of a body corporate in which his interest and the interests of his directors together constitute a controlling interest.

(3) A dealer who, as principal, enters into a transaction of sale or purchase of securities with a person who is not a dealer shall state in the contract note that he is acting in the transaction as principal and not as agent.

(4) Subsection (1) shall not apply in relation to a transaction entered into by a dealer who is a member of a securities exchange and specialises in transactions relating to odd lots of securities, being a transaction of sale or purchase of an odd lot of securities.

(5) Where a dealer fails to comply with subsection (1) or (3) in respect of a contract for the sale of securities by him, the purchaser of the securities may, if he has not disposed of them, rescind the contract by a notice of rescission in writing given to a dealer not later than 30 days after the receipt of the contract note and, where a dealer fails to comply with subsection (1) or (3) in respect of a contract for the purchase of securities by him, the vendor of the securities may, in like manner, rescind the contract.

(6) Nothing in subsection (5) affects any right that a person has apart from that subsection.

(7) A person who contravenes or fails to comply with any of the provisions of this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

Dealings by employees of holders of licences.

53.—(1) A dealer or an investment adviser shall not give unsecured credit to an employee of that person or to a person who, to the knowledge of the first-mentioned person, is associated with such an employee if —

- (a) the unsecured credit is given for the purpose of enabling or assisting the person to whom the unsecured credit is given to purchase or subscribe for any securities; or
- (b) the person giving the unsecured credit knows or has reason to believe that the unsecured credit will be used for the purpose of purchasing or subscribing for securities.

(2) A person who contravenes or fails to comply with any of the provisions of subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding one year or to both.

Dealer to give priority to clients' orders.

54.—(1) A dealer shall not, except as permitted by subsection (3), enter into, as principal or on behalf of a person associated with him, a transaction of purchase or sale of securities that are permitted to be traded on the stock market of a securities exchange if a client of the dealer, who is not associated with the dealer, has instructed the dealer to purchase or sell, respectively, securities of the same class and the dealer has not complied with the instruction.

(2) A dealer who contravenes this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding one year or to both.

(3) Subsection (1) does not apply in relation to the entering into of a transaction by a dealer as principal or on behalf of a person associated with him if —

- (a) the instructions from the client of the dealer required the purchase or sale of securities on behalf of the client to be effected only on

specified conditions at which the securities were to be purchased or sold and the dealer has been unable to purchase or sell the securities by reason of those conditions; or

- (b) the transaction is entered into in prescribed circumstances.

55. For the purpose of preventing the excessive use of credit for the purchase or carrying of securities by dealers or member companies, regulations may provide for margin requirements, that is to say, for the amount of credit that may from time to time be extended and maintained on all or specified securities or transactions or class of securities and transactions and for matters connected therewith.

Margin requirements.

PART VII

Division 1 — Accounts — Dealer

56. This Division applies to and in relation to the business of a dealer within the meaning of this Act, whether that business is carried on in Singapore or elsewhere.

Application of this Division.

57.—(1) A dealer shall keep or cause to be kept in the English language such accounting and other records as will sufficiently explain the transactions and financial position of his business and enable true and fair profit and loss accounts and balance-sheets to be prepared from time to time and shall cause those records to be kept in such a manner as to enable them to be conveniently and properly audited.

Accounts to be kept by dealers.

(2) A dealer shall be deemed not to have complied with subsection (1) in relation to records unless those records —

- (a) are kept in sufficient detail to show particulars of —

(i) all moneys received or paid by the dealer, including moneys paid to, or disbursed from, a trust account;

(ii) all purchases and sales of securities made by the dealer, the charges and credits arising from them, and the names of the buyer and seller, respectively, of each of those securities;

- (iii) all income received from commissions, interest, and other sources, and all expenses, commissions, and interest paid, by the dealer;
 - (iv) all the assets and liabilities (including contingent liabilities) of the dealer;
 - (v) all securities that are the property of the dealer, showing by whom the securities, or the documents of title to the securities, are held and, where they are held by some other person, whether or not they are held as security against loans or advances;
 - (vi) all securities that are not the property of the dealer and for which the dealer or any nominee controlled by the dealer is accountable, showing by whom, and for whom, the securities or the documents of title to the securities are held and the extent to which they are either held for safe custody or deposited with a third party as security for loans or advances made to the dealer;
 - (vii) all purchases and sales of options made by the dealer and all fees (being option moneys) arising from them;
 - (viii) all arbitrage transactions entered into by the dealer; and
 - (ix) all underwriting transactions entered into by the dealer;
- (b) are kept in sufficient detail to show separately particulars of every transaction by the dealer;
 - (c) specify the day on which or the period during which each transaction by the dealer took place; and
 - (d) contain copies of acknowledgments of the receipt of securities or of documents of title to securities received by the dealer from clients for sale or safe custody clearly showing the name or names in which the particular securities are registered.
- (3) Without affecting the operation of subsection (2), a dealer shall keep records in sufficient detail to show

separately particulars of all transactions by the dealer with, or for the account of —

- (a) clients of the dealer;
- (b) the dealer himself; and
- (c) employees of the dealer.

(4) An entry in the accounting and other records of a dealer required to be kept in accordance with this section shall be deemed to have been made by, or with the authority of, the dealer.

(5) Notwithstanding any other provision of this section, a dealer shall not be deemed to have failed to keep a record referred to in subsection (1) by reason only that the record is kept as a part of, or in conjunction with, the records relating to any business other than dealing in securities that is carried on by him.

(6) The Authority may exempt a dealer who is not a member company from complying with all or any of the requirements of this section so long as the dealer complies with such other requirements relating to the keeping of books, accounts and records as may be prescribed.

(7) A dealer who contravenes or fails to comply with any of the provisions of this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding one year or to both.

58.—(1) A dealer shall establish and keep in a bank or banks in Singapore one or more trust accounts, designated or evidenced as such, into which he shall pay —

- (a) all amounts (less any brokerage and other proper charges) that are received from or on account of any person (other than a dealer) for the purchase of securities and that are not attributable to securities delivered to the dealer not later than the next bank business day following the day on which they were received by the dealer; and
- (b) all amounts (less any brokerage and other proper charges) that are received for or on account of any person (other than a dealer) from the sale of securities and that are not paid to that person or

Certain moneys received by dealers to be paid into a trust account.

as that person directs not later than the next bank business day following the day on which they were received by the dealer.

(2) A dealer who contravenes or fails to comply with any of the provisions of subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding one year or to both.

Purposes for which money may be withdrawn from trust account.

59.—(1) A dealer who withdraws any moneys from a trust account except for the purpose of making a payment —

- (a) to the person entitled thereto;
- (b) defraying brokerage and other proper charges; or
- (c) that is otherwise authorised by law,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding one year or to both.

(2) A dealer who with intent to defraud, withdraws money from a trust account shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 3 years or to both.

Moneys in trust accounts not available for payment of debts, etc.

60. Except as otherwise provided in this Division, moneys held in a trust account shall not be available for payment of the debts of a dealer or be liable to be paid or taken in execution under an order or process of any court.

Claims and liens not affected.

61. Nothing in this Division shall be construed as taking away or affecting any lawful claim or lien which any person has against or upon any moneys held in a trust account or against or upon any moneys received for the purchase of securities or from the sale of securities before such moneys are paid into a trust account.

Division 2 — Accounts — Investment adviser

Application of this Division.

62.—(1) This Division applies to and in relation to an investment adviser who carries on the business of managing a portfolio of securities for a client for investment purposes whether on a discretionary authority granted by the client or otherwise.

(2) Nothing in subsection (1) shall apply to a corporation which manages a portfolio of securities for or on behalf of any of its related corporations as defined in section 6 of the Companies Act, provided that the second-mentioned corporation's securities being managed by the first-mentioned corporation are not securities held on trust or on behalf of or beneficially belonging to any other person, or as a result of any investment contract entered by the second-mentioned corporation. Cap. 50.

(3) For the purpose of this section, "investment contract" has the same meaning as that assigned to it in section 107 of the Companies Act.

(4) The Authority may, if it thinks it is consistent with the public interest, exempt an investment adviser from having to comply wholly or partly with this Division.

63.—(1) An investment adviser shall keep or cause to be kept in the English language such accounting and other records as will sufficiently explain the transactions and financial position of his business and enable true and fair profit and loss accounts and balance-sheets to be prepared from time to time and shall cause those records to be kept in such prescribed manner and form as to enable them to be conveniently and properly audited. Accounts to be kept by investment adviser.

(2) Without affecting the generality of subsection (1), every investment adviser shall maintain such books and records and file such reports in such form and manner as may be prescribed.

64.—(1) An investment adviser shall not deal in securities for or on behalf of a client unless to the extent that he receives client's money or property — Client's money.

(a) he does so on the basis that it shall be applied solely for specified purposes agreed when or before he receives the money or property;

(b) pending such application, the money or property is paid or deposited by the next bank business day to a custodian with whom the trust account is maintained in accordance with this Division; and

(c) a separate book entry shall be recorded and maintained for each client by him in accordance with this Act or regulations made thereunder, in relation to that client's money or property.

(2) In this section, "client's money or property" means money received or retained by an investment adviser or property deposited with an investment adviser in the course of his business as such for which he is liable to account to another person; or money received or property deposited and held on trust by a custodian for which it is liable to account or deliver to another person.

Operation
of trust
account.

65.—(1) An investment adviser shall make arrangements for a custodian to maintain a trust account for his clients in Singapore.

(2) For the purpose of this Division, "custodian", in relation to a client of an investment adviser means —

(a) a financial institution appointed by the investment adviser with the prior written consent of that client; or

(b) a financial institution appointed by that client.

(3) In this Division, "trust account" means a current or deposit account or property account which —

(a) is kept with a custodian; and

(b) contains in its title the words "Trust Account/ Clients".

(4) An investment adviser shall pay client's money or property into the trust account, maintained by a custodian, not later than the next bank business day following the day on which the investment adviser has received the client's money or property.

(5) Notwithstanding subsection (1), where money or property that is required by this section to be paid or deposited into a trust account is received by an investment adviser in a place outside Singapore, the investment adviser may pay that money or deposit that property into a trust account maintained by him in that place.

(6) An investment adviser who withdraws any moneys from a trust account except for the purpose of making a payment —

(a) to the person entitled thereto; or

(b) that is otherwise authorised by law,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding one year or to both.

(7) An investment adviser who, with intent to defraud, withdraws money from a trust account shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$30,000 or to imprisonment for a term not exceeding 3 years or to both.

(8) Except as otherwise provided in this Division, money or property held in a trust account shall not be available for payment of the debts of an investment adviser or liable to be paid or taken in execution under the order or process of a court.

(9) The holder of an investment representative's licence shall neither accept nor hold client's money or property unless he does so on behalf of an investment adviser and in the course of employment under a contract of service with that investment adviser.

(10) Nothing in this Division shall be construed as taking away or affecting any lawful claim or lien which any person has against or upon any money or property held in a trust account or against or upon any money or property received for the purchase or from the sale of securities before such money or property is paid into the trust account.

(11) In this section, "property" includes securities.

66. An investment adviser shall supply, on demand, to his clients or any person authorised by the client copies of all entries in his books relating to any transaction carried out on behalf of that client, and he shall be entitled to levy a reasonable charge therefor. Such person shall also be entitled at any time free of charge either personally or by his agent to inspect any contract notes and vouchers relating to the said transaction.

Rights to copies of book entries of transactions and to inspect contract notes related thereto.

67. A dealer and an investment adviser shall furnish such returns and provide such information relating to his business as the Authority may require.

Duty to furnish Authority with such returns and information as Authority requires.

Division 3 — Audit

Application
of this
Division.

68.—(1) This Division applies to and in relation to the business of —

- (a) a dealer; and
- (b) an investment adviser.

(2) A reference to a relevant person in this Division shall be construed as a reference to each of the persons specified in subsection (1) unless inconsistent with the context or the subject-matter.

(3) A reference to the relevant authority in this Division shall be construed as a reference to a securities exchange and the Authority where the relevant person is a dealer who is a member company; and in any other case to the Authority.

Appointment
of auditor.
Cap. 50.

69.—(1) Notwithstanding the provisions of the Companies Act, a relevant person —

- (a) shall appoint an auditor to carry out for the year in respect of which he is appointed, an audit of the accounts of the relevant person; and
- (b) shall, within 3 months or such other extension thereof permitted by the Authority under subsection (2), after the end of the financial year, lodge with the relevant authority the auditor's report containing information on such matters as are prescribed.

(2) Where an application for the extension of the period of 3 months specified in subsection (1) is made by a relevant person to the Authority and the Authority is satisfied that there are special reasons for requiring the extension, the Authority may extend that period by 3 months, subject to such conditions as the Authority thinks fit to impose.

(3) A relevant person who contravenes or fails to comply with subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000.

(4) Notwithstanding any other provisions of this Act, a securities exchange may, and shall if directed by the Authority or the Authority may on its own motion at any time, appoint an auditor to conduct a surprise audit on a relevant person and it may fix the remuneration to be paid by the relevant person to that auditor.

(5) Notwithstanding any other provisions of this Act or the provisions of the Companies Act, the Authority may at any time remove an auditor appointed by a relevant person if the Authority is not satisfied with the way he is performing his duties. Cap. 50.

70.—(1) Where in the performance of his duties as an auditor for a relevant person, an auditor becomes aware — Duties of auditor.

- (a) of any matter which in his opinion may adversely affect the financial position of a relevant person to a material extent;
- (b) of any matter which in his opinion may constitute a breach of any provision of this Act or a criminal offence involving fraud or dishonesty;
- (c) that irregularities that have a material effect upon the accounts have occurred, including irregularities that jeopardise the funds or property of the clients of a relevant person,

he shall immediately report the matter to the securities exchange where the relevant person is a member of that securities exchange and the Authority and in any other case to the Authority.

(2) An auditor shall not in the absence of malice on his part be liable to any action for defamation at the suit of any person in respect of any statements made in his report pursuant to subsection (1).

(3) The relevant authority may impose all or any of the following duties on an auditor in addition to those provided under this Part:

- (a) a duty to submit such additional information in relation to his audit as the relevant authority considers necessary;
- (b) a duty to enlarge or extend the scope of his audit of the business and affairs of the relevant person;
- (c) a duty to carry out any other examination or establish any procedure in any particular case; and
- (d) a duty to submit a report on any of the matters referred to in paragraphs (b) and (c),

and the relevant person shall remunerate the auditor in respect of the discharge by him of all or any of these additional duties.

(4) An auditor appointed by the relevant authority may for the purpose of carrying out an audit —

- (a) examine on oath a relevant person or any of a relevant person’s employees and agents and any other auditor appointed under this Act as well as any other person who has been a party to a dealing in securities with the relevant person;
- (b) request a relevant person, a relevant person’s employees and agents, any other auditor appointed under this Act or any other person who has been a party to a dealing in securities with the relevant person, to produce books, accounts, documents, records and securities held by him relating to the business of the relevant person.

(5) Any person who contravenes or fails to comply with subsection (1) shall be guilty of an offence; and any person who contravenes or fails to comply with subsection (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 2 years or to both.

(6) Any report made by an auditor in the exercise of his powers under this section shall be submitted in writing to the relevant authority.

Penalty for destroying, concealing or altering records or sending records or other property out of Singapore.

71.—(1) A person who, with intent to defeat the purposes of this Part or with intent to prevent, delay or obstruct the carrying out of any examination and audit under this Part —

- (a) destroys, conceals or alters any book, account, record or document relating to the business of a relevant person; or
- (b) sends or attempts to send or conspires with any other person to send out of Singapore any such book, account, record or document or any property of any description belonging to or in the disposition of or under the control of a relevant person,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 2 years or to both.

(2) If in a prosecution for an offence under subsection (1) it is proved that the person charged —

- (a) destroyed, concealed or altered any book, account, record or document referred to in subsection (1); or
- (b) sent or attempted to send or conspired to send out of Singapore any such book, account, record or document or any property referred to in subsection (1),

the onus of proving that in so doing he did not act with intent to defeat the purpose of this Part or with intent to prevent, delay or obstruct the carrying out of an examination and audit under this Part shall lie on him.

72.—(1) A relevant person shall take reasonable precautions for guarding against falsification of books, accounts, documents or records required to be kept by him and for facilitating discovery of any falsification.

Safeguarding
of records.

(2) A relevant person who contravenes or fails to comply with subsection (1) shall be guilty of an offence under this Act.

73. Nothing in this Part shall prevent the committee of a securities exchange from imposing on its member companies any further obligations or requirements which the committee thinks fit with respect to —

Right of
committee
to impose
obligations,
etc., on
member
companies
not affected
by this Part.

- (a) the audit of accounts;
- (b) the information to be furnished in reports from auditors; or
- (c) the keeping of accounts, books and records.

PART VIII

FIDELITY FUNDS

74. In this Part, unless the context otherwise requires —

Inter-
pretation.

“committee”, in relation to a fidelity fund of a securities exchange, means the committee of that securities exchange;

“Court” means the High Court;

“fidelity fund” or “fund” means a fidelity fund established under section 75;

“securities exchange”, in relation to a fidelity fund, means the securities exchange which established the fidelity fund.

Establishment of fidelity funds.

75.—(1) A securities exchange shall establish and keep a fidelity fund which shall be administered by the committee on behalf of the securities exchange.

(2) The assets of the fidelity fund shall be the property of the securities exchange but shall be kept separate from all other property and shall be held in trust for the purposes set out in this Part.

Moneys constituting fidelity funds.

76. The fidelity fund of a securities exchange shall consist of —

- (a) all moneys paid to the securities exchange by member companies in accordance with the provisions of this Part;
- (b) the interest and profits from time to time accruing from the investment of the fund;
- (c) all moneys paid to the fund by the securities exchange;
- (d) all moneys recovered by or on behalf of the securities exchange in the exercise of any right of action conferred by this Part;
- (e) all moneys paid by an insurer pursuant to a contract of insurance or indemnity entered into by the committee of the securities exchange under section 95; and
- (f) all other moneys lawfully paid into the fund.

Fund to be kept in separate bank account.

77. All moneys forming part of a fidelity fund shall, pending the investment or application thereof in accordance with this Part, be paid or transferred into a bank in Singapore.

Payments out of fidelity fund.

78. Subject to this Part, there shall from time to time be paid out of the fidelity fund of a securities exchange as required and in such order as the committee considers proper —

- (a) the amount of all claims, including costs, allowed by the committee or established against the securities exchange under this Part;

- (b) all legal and other expenses incurred in investigating or defending claims made under this Part or incurred in relation to the fund or in the exercise by the committee of the rights, powers and authorities vested in it by this Part in relation to the fund;
- (c) all premiums payable in respect of contracts of insurance or indemnity entered into by the committee under section 95;
- (d) the expenses incurred or involved in the administration of the fund including the salaries and wages of persons employed by the committee in relation thereto; and
- (e) all other moneys payable out of the fund in accordance with the provisions of this Act.

79.—(1) A securities exchange shall establish and keep proper accounts of its fidelity fund and shall before 31st March in each year cause a balance-sheet in respect of such accounts to be made out as at the preceding 30th June. Accounts of fund.

(2) The committee of the securities exchange shall appoint an auditor to audit the accounts of the fidelity fund.

(3) The auditor appointed by the committee shall regularly and fully audit the accounts of the fidelity fund and shall audit each balance-sheet and cause it to be laid before the committee not later than 3 months after the balance-sheet was made out.

80.—(1) The committee of a securities exchange may appoint a management sub-committee of not less than 3 and not more than 5 persons, at least one of whom is a member of the committee. Management sub-committee.

(2) The committee of a securities exchange may by resolution delegate to a sub-committee appointed by it under this section all or any of its powers, authorities and discretions under this Part (other than those under this section, sections 83 and 86 (3), (4) and (5)).

(3) Any power, authority or discretion so delegated may be exercised by members forming a majority of the sub-committee as if by this Part that power, authority or discretion had been conferred on a majority of the members of the sub-committee.

(4) Any such delegation may at any time in like manner be rescinded or varied.

(5) The committee of a securities exchange may at any time remove any member of a sub-committee appointed by it under this section and may fill any vacancy in the sub-committee howsoever arising.

Fidelity fund to consist of an amount of \$5 million.

81.—(1) The fidelity fund of a securities exchange shall consist of an amount of not less than \$5 million, or such other sum as may by order be determined by the Minister from time to time, to be paid to the credit of the fund on the establishment of a securities exchange under this Act.

(2) The fidelity fund shall be increased by an annual payment into the fund of a sum that is equal to 10% or more of the net income of a securities exchange for any one financial year, but the Minister may, after consultation with the securities exchange, increase that percentage.

Provisions if fund is reduced below \$5 million.

82. If the fidelity fund is reduced below the sum of \$5 million or such other sum as the Minister may, by order, determine, the committee shall take steps to make up the deficiency —

(a) by transferring an amount that is equal to the deficiency from other funds of a securities exchange to the fidelity fund; or

(b) in the event that there are insufficient funds to transfer under paragraph (a), by determining the amount which each member company shall contribute to the fund.

Levy to meet liabilities.

83.—(1) If at any time a fidelity fund is not sufficient to satisfy the liabilities that are then ascertained of the securities exchange in relation thereto, the committee may impose on every member company a levy of such amount as it thinks fit or, if ordered by the Minister, shall impose a levy of such sum which shall in the aggregate be equivalent to the amount so specified in the order.

(2) The amount of such levy shall be paid within the time and in the manner specified by the committee either generally or in relation to any particular case.

(3) No member company shall be required to pay by way of levy under this section more than \$300,000 in the aggregate.

84.—(1) A securities exchange may from time to time from its general funds give or advance on such terms as the committee thinks fit any sums of money to its fidelity fund. Power of securities exchange to make advances to fund.

(2) Any moneys advanced under subsection (1) may from time to time be repaid from the fidelity fund to the general funds of the securities exchange.

85. Any moneys in a fidelity fund that are not immediately required for its purposes may be invested by the committee in any manner in which trustees are for the time being authorised by law to invest trust funds. Investment of fund.

86.—(1) Subject to this Part, a fidelity fund shall be held and applied for the purpose of compensating persons who suffer pecuniary loss from any defalcation committed by a member company or any of its directors or by any of the employees of such a member company in relation to any money or other property which, whether before or after the commencement of this Act, in the course of or in connection with the business of that company — Application of fund.

(a) was entrusted to or received by a member company or any of its directors or any of the company's employees for or on behalf of any other person; or

(b) (the member company, being in respect of the money or other property, either the sole trustee or trustees or trustee or trustees with any other person or persons) was entrusted to or received by the member company or any of its directors or any of the company's employees as trustee or trustees or for or on behalf of the trustees of that money or property.

(2) Except as otherwise provided in this section, the total amount that may be paid under this Part to all persons who suffer loss through defalcations by a member company or any of its directors or through defalcations by any of the company's employees shall not, in any event, exceed in respect of that member company the sum of \$200,000, but

for the purposes of this subsection any amount paid from a fidelity fund shall to the extent to which the fund is subsequently reimbursed therefor be disregarded.

(3) (a) If, after taking into account all ascertained or contingent liabilities of a fidelity fund, the committee considers that the assets of the fund so permit, the committee may decide to increase the total amount which may be applied from that fund pursuant to subsection (2) and shall inform the Authority accordingly who shall then cause notice of such decision to be published in the *Gazette*.

(b) From the date of the publication until the notice is revoked or varied the amount specified in the notice shall be the total amount which may be applied as aforesaid.

(4) Where the committee decides to revoke or vary the notice under subsection (3), the committee shall inform the Authority accordingly, who shall then cause notice of such revocation or variation to be published in the *Gazette*; and a notice which is so varied shall have effect accordingly.

(5) If, in any particular case after taking into account all ascertained or contingent liabilities of a fidelity fund, the committee considers that the assets of the fund so permit, the committee may apply out of the fund such sum in excess of the total amount limited by or under this section as the committee in its discretion thinks fit in or towards the compensation of persons who have suffered pecuniary loss as provided in subsection (1).

(6) Notwithstanding any provision in subsections (2), (3) and (5), the Minister may, by order, direct the committee to increase the total amount which shall be applied from a fidelity fund to a particular member company in payment to persons who suffer loss through defalcations by that particular member company or any of its directors or by any of that member company's employees.

(7) For the purposes of this section, "director of a member company" includes a person who has been, but at the time of any defalcation in question has ceased to be, a director of a member company if, at the time of the defalcation, the person claiming compensation has reasonable grounds for believing that person to be a director of a member company.

87.—(1) Subject to this Part, every person who suffers pecuniary loss as provided in section 86 (1) shall be entitled to claim compensation from the fidelity fund and to take proceedings in the Court as provided in this Act against the securities exchange to establish such claim. Claims against fund.

(2) Subject to subsection (3), a person shall in no case have any claim against the fidelity fund in respect of a defalcation in respect of money or other property which prior to the commission of the defalcation had in the due course of the administration of a trust ceased to be under the sole control of the director or directors of the member company concerned.

(3) Subject to this Part, the amount which any claimant shall be entitled to claim as compensation from a fidelity fund shall be the amount of the actual pecuniary loss suffered by him (including the reasonable costs of and disbursements incidental to the making and proof of his claim) less the amount or value of all moneys or other benefits received or receivable by him from any source other than the fund in reduction of the loss.

(4) In addition to any compensation payable under this Part, interest shall be payable out of the fidelity fund concerned on the amount of the compensation, less any amount attributable to costs and disbursements, at the rate of 5% per annum calculated from the day upon which the defalcation was committed and continuing until the day upon which the claim is satisfied.

88.—(1) The committee of a securities exchange may cause to be published in a daily newspaper published and circulating generally in Singapore a notice, in or to the effect of the form prescribed, specifying a date, not being earlier than 3 months after the said publication, on or before which claims for compensation from the fidelity fund, in relation to the person specified in the notice, may be made. Notice calling for claims against fund.

(2) A claim for compensation from a fidelity fund in respect of a defalcation shall be made in writing to the committee —

- (a) where a notice under subsection (1) has been published on or before the date specified in the notice; or

(b) where no such notice has been published within 6 months after the claimant became aware of the defalcation,

and any claim which is not so made shall be barred unless the committee otherwise determines.

(3) No action for damages shall lie against a securities exchange or against any member or employee of a securities exchange or of a committee or management sub-committee by reason of any notice published in good faith and without malice for the purposes of this section.

Power of committee to settle claims.

89.—(1) The committee may, subject to this Part, allow and settle any proper claim for compensation from a fidelity fund at any time after the commission of the defalcation in respect of which the claim arose.

(2) Subject to subsection (3), a person shall not commence proceedings under this Part against a securities exchange without leave of the committee unless —

(a) the committee has disallowed his claim; and

(b) the claimant has exhausted all relevant rights of action and other legal remedies for recovery of the money or other property, in respect of which the defalcation was committed, available against the member company in relation to whom or to which the claim arose and all other persons liable in respect of the loss suffered by the claimant.

(3) A person who has been refused leave by a committee may apply for leave to a judge of the Court in chambers who may make such order in the matter as he thinks fit.

(4) The committee after disallowing (whether wholly or partly) any claim for compensation from a fidelity fund shall serve notice of such disallowance in the prescribed form on the claimant or his solicitor.

(5) No proceedings against a securities exchange in respect of a claim which has been disallowed by the committee shall be commenced after the expiration of 3 months after service of notice of disallowance under subsection (4).

(6) In any proceedings brought to establish a claim, evidence of any admission or confession by, or other

evidence which would be admissible against, the member company or other person by whom it is alleged a defalcation was committed shall be admissible to prove the commission of the defalcation, notwithstanding that the member company or other person is not the defendant in or a party to those proceedings, and all defences which would have been available to that member company or person shall be available to the securities exchange.

(7) The committee or, where proceedings are brought to establish a claim, the Court, if satisfied that the defalcation on which the claim is founded was actually committed, may allow the claim and act accordingly, notwithstanding that the person who committed the defalcation has not been convicted or prosecuted therefor or that the evidence on which the committee or Court (as the case may be) acts would not be sufficient to establish the guilt of that person upon a criminal trial in respect of the defalcation.

90.—(1) Where in any proceedings brought to establish a claim the Court is satisfied that the defalcation on which the claim is founded was actually committed and that otherwise the claimant has a valid claim, the Court shall by order — Form of order of Court establishing claim.

(a) declare the fact and the date of the defalcation and the amount of the claim; and

(b) direct that the committee concerned allows the claim as so declared and deal with the same in accordance with the provisions of this Part.

(2) The Rules Committee may make rules for or with respect to practice and procedure generally upon proceedings under this Part.

(3) In any such proceedings all questions of costs shall be in the discretion of the Court.

91. The committee may at any time and from time to time require any person to produce and deliver any securities, documents or statements of evidence necessary to support any claim made or necessary for the purpose either of exercising its rights against a member company or the directors thereof or any other person concerned or of enabling criminal proceedings to be taken against any person in respect of a defalcation, and in default of delivery of any such securities, documents or statements of evidence Power of committee to require production of securities, etc.

by such first-mentioned person, the committee may disallow any claim by him under this Part.

Subrogation of securities exchange to rights, etc., of claimant upon payment from fund.

92. On payment out of a fidelity fund of any moneys in respect of any claim under this Part, the securities exchange shall be subrogated to the extent of such payment to all the rights and remedies of the claimant in relation to the loss suffered by him from the defalcation.

Payment of claims only from fund.

93. No moneys or other property belonging to a securities exchange, other than the fidelity fund, shall be available for the payment of any claim under this Part whether the claim is allowed by the committee or is made the subject of an order of the Court.

Provision where fund insufficient to meet claims or where claims exceed total amount payable.

94.—(1) Where the amount at credit in a fidelity fund is insufficient to pay the whole amount of all claims against it which have been allowed or in respect of which orders of the Court have been made, then the amount at credit in the fund shall, subject to subsection (2), be apportioned between the claimants in such manner as the committee thinks equitable, and any such claim so far as it then remains unpaid shall be charged against future receipts of the fund and paid out of the fund when moneys are available therein.

(2) Where the aggregate of all claims which have been allowed or in respect of which orders of the Court have been made in relation to defalcations by or in connection with a member company exceeds the total amount which may pursuant to section 86 (2) be paid under this Part in respect of that member company then the said total amount shall be apportioned between the claimants in such manner as the committee thinks equitable, and upon payment out of the fund of the said total amount in accordance with such apportionment of all such claims and any orders relating thereto and all other claims against the fund which may thereafter arise or be made in respect of defalcations by or in connection with the said member company shall be absolutely discharged.

Power of committee to enter into contracts of insurance.

95.—(1) A securities exchange may in its discretion enter into any contract with any person or body of persons, corporate or unincorporate, carrying on fidelity insurance business in Singapore whereby the securities exchange will

be insured or indemnified to the extent and in the manner provided by such contract against liability in respect of claims under this Part.

(2) Any such contract may be entered into in relation to member companies generally, or in relation to any particular member company or member companies named therein, or in relation to member companies generally with the exclusion of any particular member company or member companies named therein.

(3) No action shall lie against a securities exchange or against any member or employee of a securities exchange or the committee or against any member of a management sub-committee for injury alleged to have been suffered by any member company by reason of the publication in good faith of a statement that any contract entered into under this section does or does not apply with respect to it.

96. No claimant against a fidelity fund shall have any right of action against any person or body of persons with whom a contract of insurance or indemnity is made under this Part in respect of such contract, or have any right or claim with respect to any moneys paid by the insurer in accordance with any such contract.

Application
of insurance
moneys.

PART IX

TRADING IN SECURITIES

97.—(1) A person shall not create, or cause to be created, or do anything that is calculated to create, a false or misleading appearance of active trading in any securities on a securities exchange in Singapore or a false or misleading appearance with respect to the market for, or the price of, any such securities.

False trading
and market
rigging
transactions.

(2) A person shall not, by means of purchases or sales of any securities that do not involve a change in the beneficial ownership of those securities, or by any fictitious transactions or devices, maintain, inflate, depress, or cause fluctuations in, the market price of any securities.

(3) Without affecting the generality of subsection (1), a person who —

(a) effects, takes part in, is concerned in or carries out, either directly or indirectly, any transaction of

sale or purchase of any securities, being a transaction that does not involve any change in the beneficial ownership of the securities;

- (b) makes or causes to be made an offer to sell any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price; or
- (c) makes or causes to be made an offer to purchase any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price,

shall be deemed to have created a false or misleading appearance of active trading in securities on a securities exchange.

(4) In a prosecution of a person for an act referred to in subsection (3), it is a defence if the defendant establishes that the purpose or purposes for which he did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in securities on a securities exchange.

(5) A purchase or sale of securities does not involve a change in the beneficial ownership for the purposes of this section if a person who had an interest in the securities before the purchase or sale, or a person associated with the first-mentioned person in relation to those securities, has an interest in the securities after the purchase or sale.

(6) In a prosecution for an offence against subsection (2) in relation to a purchase or sale of securities that did not involve a change in the beneficial ownership of those securities, it is a defence if the defendant establishes that the

purpose or purposes for which he purchased or sold the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, securities.

(7) The reference in subsection (3) (a) to a transaction of sale or purchase of securities includes —

- (a) a reference to the making of an offer to sell or purchase securities; and
- (b) a reference to the making of an invitation, however expressed, that expressly or impliedly invites a person to offer to sell or purchase securities.

98.—(1) A person shall not effect, take part in, be concerned in or carry out, either directly or indirectly, two or more transactions in securities of a body corporate being transactions that have, or are likely to have, the effect of raising the price of securities of the body corporate on a securities exchange in Singapore, with intent to induce other persons to purchase or subscribe for securities of the body corporate or of a related body corporate.

Stock market
manipulation.

(2) A person shall not effect, take part in, be concerned in or carry out, either directly or indirectly, two or more transactions in securities of a body corporate, being transactions that have, or are likely to have, the effect of lowering the price of securities of the body corporate on a securities exchange in Singapore, with intent to induce other persons to sell securities of the body corporate or of a related body corporate.

(3) A person shall not effect, take part in, be concerned in or carry out, either directly or indirectly, two or more transactions in securities of a body corporate, being transactions that have or are likely to have, the effect of maintaining or stabilising the price of securities of the body corporate on a securities exchange in Singapore with intent to induce other persons to sell, purchase or subscribe for securities of the body corporate or of a related body corporate.

(4) A reference in this section to a transaction, in relation to securities of a body corporate, includes —

- (a) a reference to the making of an offer to sell or purchase such securities of the body corporate; and

- (b) a reference to the making of an invitation, however expressed, that expressly or impliedly invites a person to offer to sell or purchase such securities of the body corporate.

False or misleading statements, etc.

99. A person shall not make a statement, or disseminate information, that is false or misleading in a material particular and is likely to induce the sale or purchase of securities by other persons or is likely to have the effect of raising, lowering, maintaining or stabilising the market price of securities if, when he makes the statement or disseminates the information —

- (a) he does not care whether the statement or information is true or false; or
- (b) he knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

Fraudulently inducing persons to deal in securities.

100.—(1) A person shall not —

- (a) by making or publishing any statement, promise or forecast that he knows to be misleading, false or deceptive;
- (b) by any dishonest concealment of material facts;
- (c) by the reckless making or publishing, dishonestly or otherwise, of any statement, promise or forecast that is misleading, false or deceptive; or
- (d) by recording or storing in, or by means of, any mechanical, electronic or other device information that he knows to be false or misleading in a material particular,

induce or attempt to induce another person to deal in securities.

(2) It is a defence to a prosecution for an offence under subsection (1) constituted by recording or storing information as mentioned in paragraph (d) thereof if it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

101. A person shall not circulate or disseminate, or authorise or be concerned in the circulation or dissemination of, any statement or information to the effect that the price of any securities of a body corporate will or is likely to rise or fall or be maintained by reason of any transaction entered into or other act or thing done in relation to securities of that body corporate, or of a body corporate that is related to that body corporate, in contravention of sections 97 to 100 if —

Dissemination of information about illegal transactions.

- (a) the person, or a person associated with the person, has entered into any such transaction or done any such act or thing; or
- (b) the person has received, or expects to receive directly or indirectly, any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination, the statement or information.

102. It shall be unlawful for any person directly or indirectly in connection with the purchase or sale of any securities —

Employment of manipulative and deceptive devices.

- (a) to employ any device, scheme or artifice to defraud;
- (b) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; or
- (c) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made in the light of the circumstances under which they were made, not misleading.

103.—(1) A person who is, or at any time in the preceding 6 months has been, connected with a body corporate shall not deal in any securities of that body corporate if by reason of his so being, or having been, connected with that body corporate he is in possession of information that is not generally available but, if it were, would be likely materially to affect the price of those securities. .

Prohibition of dealings in securities by insiders.

(2) A person who is, or at any time in the preceding 6 months has been, connected with a body corporate shall not

deal in any securities of any body corporate if by reason of his so being, or having been, connected with the first-mentioned body corporate he is in possession of information that —

- (a) is not generally available but, if it were, would be likely materially to affect the price of those securities; and
- (b) relates to any transaction (actual or expected) involving both those bodies corporate or involving one of them and securities of the other.

(3) Where a person is in possession of any such information as is mentioned in subsection (1) or (2) that if generally available would be likely materially to affect the price of securities but is not precluded by either of those subsections from dealing in those securities, he shall not deal in those securities if —

- (a) he has obtained the information, directly or indirectly, from another person and is aware, or ought reasonably to be aware, of facts or circumstances by virtue of which that other person is then himself precluded by subsection (1) or (2) from dealing in those securities; and
- (b) when the information was so obtained, he was associated with that other person or had with him an arrangement for the communication of information of a kind to which those subsections apply with a view to dealing in securities by himself and that other person or either of them.

(4) A person shall not, at any time when he is precluded by subsection (1), (2) or (3) from dealing in any securities, cause or procure any other person to deal in those securities.

(5) A person shall not, at any time when he is precluded by subsection (1), (2) or (3) from dealing in any securities by reason of his being in possession of any information, communicate that information to any other person if —

- (a) trading in those securities is permitted on a securities exchange whether within or outside Singapore; and

(b) he knows, or ought reasonably to know, that the other person will make use of the information for the purpose of dealing or causing or procuring another person to deal in those securities.

(6) Without prejudice to subsection (3) but subject to subsections (7) and (8), a body corporate shall not deal in any securities at a time when any officer of that body corporate is precluded by subsection (1), (2) or (3) from dealing in those securities.

(7) A body corporate is not precluded by subsection (6) from entering into a transaction at any time by reason only of information in the possession of an officer of that body corporate if —

- (a) the decision to enter into the transaction was taken on its behalf by a person other than the officer;
- (b) it had in operation at that time arrangements to ensure that the information was not communicated to that person and that no advice with respect to the transaction was given to him by a person in possession of the information; and
- (c) the information was not so communicated and such advice was not so given.

(8) A body corporate is not precluded by subsection (6) from dealing in securities of another body corporate at any time by reason only of information in the possession of an officer of that first-mentioned body corporate, being information that was obtained by the officer in the course of the performance of his duties as an officer of that first-mentioned body corporate and that relates to proposed dealings by that first-mentioned body corporate in securities of that other body corporate.

(9) For the purposes of this section, a person is connected with a body corporate if, being a natural person —

- (a) he is an officer of that body corporate or of a related body corporate;
- (b) he is a substantial shareholder within the meaning of Division 4 of Part IV of the Companies Act in that body corporate or in a related body corporate; or

(c) he occupies a position that may reasonably be expected to give him access to information of a kind to which subsections (1) and (2) apply by virtue of —

(i) any professional or business relationship existing between himself (or his employer or a body corporate of which he is an officer) and that body corporate or a related body corporate; or

(ii) his being an officer of a substantial shareholder within the meaning of Division 4 of Part IV of the Companies Act in that body corporate or in a related body corporate.

Cap. 50.

(10) This section does not preclude the holder of a dealer's licence from dealing in securities, or rights or interests in securities, of a body corporate, being securities or rights or interests that are permitted by a securities exchange to be traded on the stock market of that securities exchange, if —

(a) the holder of the licence enters into the transaction concerned as agent for another person pursuant to a specific instruction by that other person to effect that transaction;

(b) the holder of the licence has not given any advice to the other person in relation to dealing in securities, or rights or interests in securities, of that body corporate that are included in the same class as the first-mentioned securities; and

(c) the other person is not associated with the holder of the licence.

(11) Where a prosecution is instituted against a person for an offence by reason that the person was in possession of certain information and entered into a transaction in contravention of this section, it is a defence if the person satisfies the court that the other party to the transaction knew, or ought reasonably to have known, of the information before entering into the transaction.

(12) For the purposes of subsection (8), "officer", in relation to a body corporate, includes —

(a) a director, secretary, executive officer or employee of the body corporate;

- (b) a receiver, or receiver and manager, of property of the body corporate;
- (c) a judicial manager of the body corporate;
- (d) a liquidator of the body corporate; and
- (e) a trustee or other person administering a compromise or arrangement made between the body corporate and another person or other persons.

104. A person who contravenes any of the provisions of this Part shall be guilty of an offence and shall be liable on conviction — Penalties.

- (a) in the case of a person not being a body corporate, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 7 years; or
- (b) in the case of a person being a body corporate, to a fine not exceeding \$100,000.

105.—(1) A person who is convicted of an offence under this Part shall be liable to pay compensation to any person who, in a transaction for the purchase or sale of securities entered into with the first-mentioned person or with a person acting for or on his behalf, suffers loss by reason of the difference between the price at which the securities were dealt in in that transaction and the price at which they would have been likely to have been dealt in in such a transaction at the time when the first-mentioned transaction took place if the contravention had not occurred. Convicted persons liable to pay compensation.

(2) The amount of compensation for which a person is liable under subsection (1) is the amount of the loss sustained by the person claiming the compensation.

(3) An action under this section for the recovery of a loss shall not be commenced after the expiration of two years after the date of completion of the transaction in which the loss occurred.

(4) Nothing in subsection (1) affects any liability that a person may incur under any other law.

PART X

MISCELLANEOUS

Restrictions on use of title "stock-broker" or "securities exchange".

106.—(1) A person who is not a stockbroker within the meaning of this Act shall not take or use or, by inference, adopt the name or title of stockbroker or take or use or have attached to or exhibited at any place any name, title or description implying or tending to create the belief that he is a stockbroker.

(2) A body corporate that is not a securities exchange shall not take or, use or by inference, adopt the name or title of securities exchange or take or use or have attached to or exhibited at any place a name, title or description implying or tending to create the belief that the body corporate is a securities exchange.

Offences by directors or managers, etc.

107.—(1) Any person, being a director or manager of a securities exchange, of a dealer or of an investment adviser, who —

- (a) fails to take all reasonable steps to secure compliance with the provisions of this Act; or
- (b) fails to take all reasonable steps to secure the accuracy and correctness of any statement submitted under this Act,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 2 years or to both.

(2) In any proceedings against a person under subsection (1), it shall be a defence to prove that he had reasonable grounds for believing that another person was charged with the duty of securing compliance with the requirements of this Act, or with the duty of ensuring that those statements were accurate, and that that person was competent, and in a position, to discharge that duty.

(3) A person shall not be sentenced to imprisonment for any offence under subsection (1) unless, in the opinion of the Court, he committed the offence wilfully.

Falsification of records by directors, employees and agents.

108. Any director, manager, auditor, employee or agent of a securities exchange or of a dealer or of an investment adviser, who —

- (a) wilfully makes, or causes to be made, a false entry in any book or in any report, slip, document or

statement of the business, affairs, transactions, conditions, assets or accounts of that securities exchange, dealer or investment adviser;

- (b) wilfully omits to make an entry in any book or in any report, slip, document or statement of the business, affairs, transactions, conditions, assets or accounts of that securities exchange, dealer or investment adviser, or wilfully causes any such entry to be omitted; or
- (c) wilfully alters, abstracts, conceals or destroys an entry in any book or in any report, slip, document or statement of the business, affairs, transactions, conditions, assets or accounts of that securities exchange, dealer or investment adviser, or wilfully causes any such entry to be altered, abstracted, concealed or destroyed,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 2 years or to both.

109. Any person who, with intent to deceive, makes or furnishes, or knowingly and wilfully authorises or permits the making or furnishing of, any false or misleading statement or report to the Authority, a securities exchange or any officers thereof relating to —

False reports to Authority or securities exchange.

- (a) dealing in securities;
- (b) any matter or thing required by the Authority for the proper administration of this Act; or
- (c) the enforcement of the rules of a securities exchange,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 2 years or to both.

110. No suit or other legal proceedings shall lie against the Authority or any officer or employee of the Authority or any person (including a securities exchange) acting under the direction of the Authority for any act done in good faith in the performance, or intended performance, of any duty, or in the exercise of any power under this Act or the regulations made thereunder, or for any neglect or default in the performance or exercise in good faith of such duty or power.

Immunity of Authority and its employees, etc.

Offences by
body
corporate.

111. Where a body corporate is guilty of an offence under this Act, any director, executive officer, secretary or employee of the body corporate who was, in any way, by act or omission, directly or indirectly, knowingly concerned in, or a party to, the commission of the offence shall also be guilty of that offence.

Power to
appoint an
inspector,
committee of
a securities
exchange or
the Securities
Industry
Council to
investigate
trading in
securities.
Cap. 50.

112.—(1) Notwithstanding anything in this Act, the Minister may, where it appears to him in the public interest to do so, appoint any person as an inspector to investigate any matter concerning trading or dealing in securities and an inspector, so appointed, shall have all the powers conferred upon an inspector under Part IX of the Companies Act and that Part shall apply subject to such investigation, with such modification and adaptation as may be necessary.

(2) If the Minister considers that it is not necessary to appoint an inspector under subsection (1), he may appoint the Securities Industry Council or a committee of a securities exchange to investigate any matter concerning trading or dealing in securities and in any such investigation the Securities Industry Council or the committee of a securities exchange, as the case may be, may summon any person to give evidence on oath or affirmation or produce any documents or materials necessary for the purpose of the investigation.

(3) Any inspector appointed under subsection (1) or the committee or Council appointed under subsection (2) shall report the results of its investigation to the Minister and the Minister may, if he thinks it in the public interest to do so, cause the report to be printed and published.

Power of
Court to
prohibit
payment
or transfer
of moneys,
securities
or other
property.

113.—(1) Where —

- (a) an investigation is being carried out under this Act in relation to any act or omission by a person, being an act or omission that constitutes or may constitute an offence under this Act;
- (b) a prosecution has been instituted against a person for an offence under this Act; or
- (c) a civil proceeding has been instituted against a person under this Act, and the Court considers it necessary or desirable to do so for the purpose

of protecting the interests of any persons to whom the person referred to in paragraph (a) or (b) or this paragraph, as the case may be (referred to in this section as the relevant person), is liable or may become liable to pay any moneys, whether in respect of a debt, or by way of damages or compensation or otherwise, or to account for any securities or other property,

the Court may, on application by the Authority, make any one or more of the following orders:

- (i) an order prohibiting either absolutely or subject to conditions a person who is indebted to the relevant person or to any person associated with the relevant person from making a payment in total or partial discharge of the debt to, or to another person at the direction or request of, the person to whom the debt is owed;
- (ii) an order prohibiting, either absolutely or subject to conditions, a person holding money, or securities or other property, on behalf of the relevant person or on behalf of any person associated with the relevant person from paying all or any of the moneys, or transferring, or otherwise parting with possession the securities or other property, to, or to another person at the direction or request of, the person on whose behalf the money, or the securities or other property, is or are held;
- (iii) an order prohibiting, either absolutely or subject to conditions, the taking or sending out of Singapore of moneys of the relevant person or of any person associated with the relevant person;
- (iv) an order prohibiting, either absolutely or subject to conditions, the taking, sending or transfer of securities or other property of the relevant person or of any person who is associated with the relevant person from a place in Singapore to a place outside Singapore (including the transfer of securities from a register in Singapore to a register outside Singapore);

- (v) an order appointing —
 - (A) where the relevant person is a natural person — a receiver, having such powers as the Court orders, of the property or part of the property of that person; or
 - (B) where the relevant person is a body corporate — a receiver or receiver and manager, having such powers as the Court orders, of the property or part of the property of that person;
- (vi) where the relevant person is a natural person — an order requiring that person to deliver up to the Court his passport and such other documents as the Court thinks fit;
- (vii) where the relevant person is a natural person — an order prohibiting that person from leaving Singapore without the consent of the Court.

(2) Where an application is made to the Court for an order under subsection (1), the Court may, if in the opinion of the Court it is desirable to do so, before considering the application, grant an interim order, being an order of the kind applied for that is expressed to have effect pending the determination of the application.

(3) Where the Authority makes an application to the Court for the making of an order under subsection (1), the Court shall not require the Authority or any other person, as a condition of granting an interim order under subsection (2) to give any undertakings as to damages.

(4) Where the Court has made an order under this section, the Court may, on application by the Authority or by any person affected by the order, make a further order rescinding or varying the first-mentioned order.

(5) An order made under this section may be expressed to operate for a period specified in the order or until the order is rescinded by a further order under subsection (1) or (4).

(6) A person who contravenes or fails to comply with an order by the Court under this section that is applicable to him shall be guilty of an offence and shall be liable on

conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 2 years or to both.

114.—(1) Where a person has engaged, is engaging or is proposing to engage in any conduct that constitutes or would constitute a contravention of this Act, the Court may, on the application of — Injunctions.

(a) the Authority; or

(b) any person whose interests have been, are or would be affected by the conduct,

grant an injunction restraining the first-mentioned person from engaging in the conduct and, if in the opinion of the Court it is desirable to do so, requiring that person to do any act or thing.

(2) Where a person has refused or failed, is refusing or failing, or is proposing to refuse or fail, to do an act or thing that he is required by this Act to do, the Court may, on the application of —

(a) the Authority; or

(b) any person whose interests have been, are or would be affected by the refusal or failure to do that act or thing,

grant an injunction requiring the first-mentioned person to do that act or thing.

(3) Where an application is made to the Court for an injunction under subsection (1), the Court may, if in the opinion of the Court it is desirable to do so, before considering the application, grant an interim injunction restraining a person from engaging in conduct of the kind referred to in subsection (1) pending the determination of the application.

(4) The Court may rescind or vary an injunction under subsections (1) to (3).

(5) Where an application is made to the Court for the grant of an injunction restraining a person from engaging in conduct of a particular kind, the power of the Court to grant the injunction may be exercised —

(a) if the Court is satisfied that the person has engaged in conduct of that kind — whether or not it

appears to the Court that the person intends to engage again, or to continue to engage, in conduct of that kind; or

- (b) if it appears to the Court that, in the event that an injunction is not granted, it is likely that the person will engage in conduct of that kind — whether or not the person has previously engaged in conduct of that kind and whether or not there is an imminent danger of substantial damage to any person if the first-mentioned person engages in conduct of that kind.

(6) Where an application is made to the Court for a grant of an injunction requiring a person to do a particular act or thing, the power of the Court to grant the injunction may be exercised —

- (a) if the Court is satisfied that the person has refused or failed to do that act or thing — whether or not it appears to the Court that the person intends to refuse or fail again, or to continue to refuse or fail, to do that act or thing; or
- (b) if it appears to the Court that, in the event that an injunction is not granted, it is likely the person will refuse or fail to do that act or thing — whether or not the person has previously refused or failed to do that act or thing and whether or not there is an imminent danger of substantial damage to any person if the first-mentioned person refuses or fails to do that act or thing.

(7) Where the Authority makes an application to the Court for the grant of an injunction under this section, the Court shall not require the Authority or any other person, as a condition of granting an interim injunction, to give any undertakings as to damages.

(8) Where the Court has power under this section to grant an injunction restraining a person from engaging in conduct of a particular kind, or requiring a person to do a particular act or thing, the Court may, either in addition to or in substitution for the grant of the injunction, order that person to pay damages to any other person.

115. Nothing in a provision of this Act that provides —

- (a) that a person shall not contravene or fail to comply with an order of the Court; or
- (b) that a person who contravenes or fails to comply with an order of the Court is guilty of an offence,

Power of Court to punish for contempt of Court.

affects the powers of the Court in relation to the punishment of contempt of the Court.

116. A person who contravenes or fails to comply with any provision of this Act shall be guilty of an offence and, where no penalty is expressly provided, shall be liable on conviction to a fine not exceeding \$10,000.

General penalty.

117.—(1) Proceedings for an offence —

- (a) against any provision of Part IX may be taken only with the consent of the Attorney-General; and
- (b) against any other provisions of this Act may be taken by the Authority or, with the consent of the Attorney-General, by any other person.

Proceedings by whom to be taken and power to compound offences.

(2) The Authority may, without instituting proceedings against any person for an offence under this Act or the regulations made thereunder which is punishable only by a fine, demand and receive the amount of such fine or such reduced amount as he thinks fit from such person, whereupon —

- (a) if such person pays such amount to the Authority within 14 days after the demand, no proceedings shall be taken against him in relation to the offence;
- (b) if such person does not pay the amount so demanded, the Authority may cause proceedings to be instituted in relation to the offence.

(3) The powers conferred upon the Authority under subsection (2) shall only be exercised where a person admits the offence and agrees in writing to the offence being dealt with under that subsection.

(4) Any punishment authorised by this Act may be imposed by a District Court, notwithstanding that it is a greater punishment than such Court is otherwise empowered to impose.

Regulations. **118.**—(1) The Authority may make regulations for or with respect to —

- (a) prescribing forms for the purposes of this Act;
- (b) prescribing fees to be paid in respect of any matter or thing required for the purposes of this Act;
- (c) the preparation by dealers of profit and loss accounts and balance-sheets and the form and contents thereof;
- (d) the specification of manipulative and deceptive devices and contrivances in connection with the purchase or sale of securities that are prohibited;
- (e) purchasing or selling of securities for their own accounts, directly or indirectly by dealers, dealers' representatives, investment advisers and their representatives and financial journalists;
- (f) providing for the disclosure by a dealer, investment adviser or exempt dealer of any material interest that such person might have in a proposed transaction relating to trading in securities;
- (g) prohibiting or restricting forward contracts in shares of bodies corporate that are admitted to the official list of a securities exchange;
- (h) the activities of and the standards to be maintained by dealers and investment advisers including the manner and method of soliciting business by them;
- (i) the regulation or prohibition of trading on the floor of a securities exchange by stockbrokers or their representatives directly or indirectly for their own accounts or for discretionary accounts and the prevention of such excessive trading on a securities exchange but off the floor of a securities exchange by stockbrokers or their representatives directly or indirectly for their own accounts as the Authority may consider is detrimental to the maintenance of a fair and orderly market; and regulations under this paragraph may provide for the exemption of such transactions as the Authority may decide to

- be necessary in the public interest or for the protection of investors;
- (j) the borrowing in the ordinary course of business by dealers and stockbrokers as the Authority may consider necessary or appropriate in the public interest or for the protection of investors;
 - (k) the publication of advertisements offering the services of dealers or offering securities for purchase or sale and the form and contents of such advertisements; and
 - (l) all matters or things which by this Act are required or permitted to be prescribed or which are necessary or expedient to be prescribed to give effect to this Act.
- (2) Except as otherwise expressly provided in this Act, the regulations —
- (a) may be of general or specifically limited application; and
 - (b) may impose a fine not exceeding \$5,000 or imprisonment for a term not exceeding one year or both for any contravention thereof.