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SECURITIES AND FUTURES ACT
(CHAPTER 289)

SECURITIES AND FUTURES
(LICENSING AND CONDUCT OF BUSINESS)
(AMENDMENT NO. 2) REGULATIONS 2018

In exercise of the powers conferred by sections 99(4), 100, 104(2), 337 and 341 of the Securities and Futures Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations are the Securities and Futures (Licensing and Conduct of Business) (Amendment No. 2) Regulations 2018 and come into operation on 8 October 2018.

Amendment of regulation 2

2. Regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “advertisement”, the following definitions:

““approved global trading company” means a global trading company approved under section 43P of the Income Tax Act (Cap. 134);

“associated corporation”, in relation to a corporation (*A*), means —

(a) any corporation (*B*) in which *A* or *A*’s subsidiary has, or *A* and *A*’s subsidiary together have, an interest in shares entitling the beneficial owners of those shares the right to

cast, whether by proxy or in person, not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of *B*; or

- (*b*) any corporation (*C*), other than a subsidiary of *A* or a corporation which is an associated company of *A* by virtue of paragraph (*a*), the policies of which *A* or *A*'s subsidiary is, or *A* together with *A*'s subsidiary, are able to control or influence materially;

“board” means the board of directors;”;

- (*b*) by inserting, immediately after the definition of “bond”, the following definition:

““booked in Singapore”, in relation to an OTC derivatives contract, means the entry of the OTC derivatives contract on the balance-sheet or the profit and loss accounts of a person who is a party to the OTC derivatives contract, where —

- (*a*) that person's place of business is in Singapore; and
- (*b*) the balance-sheet or the profit and loss accounts relate to that person's business in Singapore;”;

- (*c*) by inserting, immediately after the definition of “electronic record”, the following definitions:

““executive director” means a director who is concurrently an executive officer;

“foreign exchange OTC derivatives contract” or “FX OTC derivatives contract” means an OTC derivatives contract —

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- (a) which is entered into by one party providing to the other party money, securities, property or other collateral which represents only a part of the value of the contract; and
 - (b) the value of which is determined by reference to, is derived from, or varies by reference to —
 - (i) the value or amount of any currency or currency index; or
 - (ii) fluctuations in the values or amounts of any currency or currency index;”;
 - (d) by deleting the words “securities issued” in the definition of “Government securities” and substituting the words “specified products issued”;
 - (e) by inserting, immediately after the definition of “guideline issued by the Authority”, the following definition:
 - ““immediate family”, in relation to an individual, means the individual’s spouse, son, adopted son, stepson, daughter, adopted daughter, stepdaughter, father, stepfather, mother, stepmother, brother, stepbrother, sister or stepsister;”;
 - (f) by deleting the words “securities, trading in futures contracts or carrying out leveraged foreign exchange trading,” in the definition of “Internet-based trading platform” and substituting the words “capital markets products”;
 - (g) by inserting, immediately after the definition of “Internet-based trading platform”, the following definition:
 - ““non-executive director” means a director who is not an executive director;”;

(h) by deleting the definition of “position” and substituting the following definition:

““over-the-counter derivatives contract” or “OTC derivatives contract” means a derivatives contract that is not an exchange-traded derivatives contract;” and

(i) by inserting, immediately after the definition of “Registered Fund Management Company”, the following definitions:

““real estate investment trust” or “REIT” means a collective investment scheme —

(a) that is authorised under section 286 of the Act or recognised under section 287 of the Act;

(b) that is a trust;

(c) that invests primarily in real estate and real estate-related assets specified by the Authority in the Code on Collective Investment Schemes; and

(d) all or any of the units of which are listed for quotation on an approved exchange;

“retail customer” means a customer other than an accredited investor, expert investor or institutional investor;”.

Amendment of regulation 4

3. Regulation 4 of the principal Regulations is amended —

(a) by deleting the words “to deal in securities” in paragraph (1)(a) and substituting the words “to deal in capital markets products that are listed specified products”;

(b) by deleting the words “Form 15” in paragraph (1)(i);

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- (c) by deleting the word “securities” wherever it appears in paragraphs (1)(i) and (ii), (2), (3)(a) and (4) and in the regulation heading and substituting in each case the words “listed specified products”; and
- (d) by deleting paragraph (5) and substituting the following paragraph:

“(5) In this regulation and regulation 4A, “listed specified products” means specified products that are listed for quotation, or quoted on an organised market that is operated by an approved exchange or a recognised market operator.”.

Amendment of regulation 4A

4. Regulation 4A of the principal Regulations is amended —
- (a) by deleting the word “securities” in paragraphs (1), (2) and (6) and substituting in each case the words “listed specified products”; and
- (b) by deleting paragraphs (3), (4) and (5).

Amendment of regulation 5

5. Regulation 5 of the principal Regulations is amended by deleting paragraphs (4), (5), (6) and (7).

Amendment of regulation 6

6. Regulation 6 of the principal Regulations is amended by inserting, immediately after paragraph (6), the following paragraph:

“(7) Where the holder of a capital markets services licence licensed to carry on business in dealing in capital markets products is granted the licence subject to a condition or restriction restricting the holder to one or more types of capital markets products in respect of which the holder may carry on that business, the amount of the licence fee payable to the Authority is the sum of the fees specified in the Third Schedule for the types of capital markets products in respect of which the holder may carry on that business.”.

Deletion of regulation 6A

7. Regulation 6A of the principal Regulations is deleted.

Amendment of regulation 7

8. Regulation 7 of the principal Regulations is amended —

- (a) by deleting the word “securities” in paragraphs (1) and (3) and in the regulation heading and substituting in each case the words “capital markets products that are specified products”;
- (b) by deleting the words “a securities exchange” in paragraph (2)(a) and substituting the words “an approved exchange”;
- (c) by deleting sub-paragraph (b) of paragraph (2) and substituting the following sub-paragraph:
 - “(b) that is a person who deals in capital markets products that are specified products only with accredited investors, expert investors or institutional investors;”;
 - and
- (d) by inserting, immediately after the words “accredited investor” in paragraph (3), the words “, expert investor or institutional investor”.

Amendment of regulation 8

9. Regulation 8 of the principal Regulations is amended —

- (a) by deleting the words “in securities” wherever they appear in paragraph (1)(a), (b), (c) and (ii) and substituting in each case the words “in capital markets products that are specified products”; and
- (b) by deleting the words “a securities exchange” in paragraph (1)(c) and substituting the words “an approved exchange”.

Amendment of regulation 9A

10. Regulation 9A of the principal Regulations is amended by deleting paragraph (a) and substituting the following paragraph:

“(a) before the end of the period of 6 months (or such longer period as the Authority may allow in any particular case) starting on the date that the individual’s name was entered in the public register of representatives as an appointed representative, the appointed representative has not commenced to act as a representative in at least one of the regulated activities that he was appointed to carry out as a representative; or”.

Amendment of regulation 11

11. Regulation 11(5) of the principal Regulations is amended by deleting the word “shall” and substituting the word “may”.

Amendment of regulation 13

12. Regulation 13 of the principal Regulations is amended by deleting the words “securities exchange, futures exchange and clearing house” in paragraph (b)(v) and substituting the words “approved exchange or approved clearing house”.

Amendment of regulation 13B

13. Regulation 13B of the principal Regulations is amended —

- (a) by deleting the words “securities or futures contracts, or to investments” in paragraph (1)(d) and substituting the words “capital markets products that are permitted to be traded on an approved exchange or a recognised market operator”;
- (b) by deleting the words “securities or futures contracts” in paragraph (2) and substituting the words “capital markets products”;
- (c) by deleting sub-paragraph (a) of paragraph (4) and substituting the following sub-paragraph:

“(a) capital markets products which are not listed for quotation or quoted on an organised market;”;

(d) by inserting, immediately after the words “a closed-end fund” in paragraph (4)(b), the words “or an arrangement mentioned in paragraph (aa) of the definition of “closed-end fund” in section 2(1) of the Act”; and

(e) by inserting, immediately after the words “closed-end fund” in paragraph (4)(b)(i) and (ii), the words “or arrangement”.

New regulations 13D to 13H

14. The principal Regulations are amended by inserting, immediately after regulation 13C, the following regulations:

“Composition of board of holder of capital markets services licence for real estate investment trust management

13D.—(1) A holder of a capital markets services licence for real estate investment trust management must not have as the chairman of its board of directors —

- (a) a person who is an executive director of the holder; or
- (b) a person who is a member of the immediate family of the chief executive officer of the holder.

(2) A holder of a capital markets services licence for real estate investment trust management must have the requisite number of independent directors.

(3) For the purposes of paragraph (2), the requisite number of independent directors is —

- (a) where the participants of the REIT that is managed or operated by the holder do not have the right to vote on the appointment of directors to the holder’s board — at least half of the total number of directors of the holder; and

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- (b) where the participants of the REIT that is managed or operated by the holder have the right to vote on the appointment of directors to the holder's board — at least one-third of the total number of directors of the holder.
- (4) A holder of a capital markets services licence for real estate investment trust management must notify the Authority if —
- (a) a person mentioned in paragraph (1)(a) or (b) has been appointed as the chairman of the holder's board;
 - (b) any of its independent directors had ceased to be an independent director; or
 - (c) the holder had ceased to have the requisite number of independent directors.
- (5) A notification under paragraph (4) must —
- (a) be made within 14 days after the holder becomes aware of the fact mentioned in sub-paragraph (a), (b) or (c) (as the case may be) of that paragraph;
 - (b) in the case of a notification mentioned in paragraph (4)(b), state the reason why the independent director had ceased to be an independent director; and
 - (c) in the case of a notification mentioned in paragraph (4)(c), state —
 - (i) the date on which the holder had ceased to have the requisite number of independent directors;
 - (ii) whether the holder had ceased to have the requisite number of independent directors due to any of its independent directors ceasing to satisfy any condition mentioned in paragraph (7)(b)(i), (ii), (iii) or (iv), and if so, whether the holder knew or could have reasonably known that the independent director concerned would cease to satisfy the condition —

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- (A) before the start of the specified period, where the date on which the independent director concerned ceased to satisfy the condition (called in this regulation the date of cessation) falls within the specified period; or
 - (B) on the date of the annual general meeting of the holder immediately preceding the date of cessation, where the date of cessation falls within a period other than the specified period.
- (6) The Authority may —
- (a) upon being notified by a holder of a capital markets services licence for real estate investment trust management under paragraph (4)(a), issue written directions under section 101(1) of the Act to direct the holder to take such steps as may be necessary to ensure that paragraph (1) is complied with; or
 - (b) upon being notified by a holder of a capital markets services licence for real estate investment trust management under paragraph (4)(c), issue written directions under section 101(1) of the Act to direct the holder to take such steps as may be necessary to rectify the composition of its board to satisfy paragraph (2) within such time as may be specified by the Authority.
- (7) In this regulation —
- (a) “specified period” means the period starting on the date immediately after the date on which the director was appointed to the holder’s board and ending on the date immediately before the date of the first annual general meeting of the holder that is held after the director’s appointment; and

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- (b) a director of a holder of a capital markets services licence for REIT management is an independent director if the director —
- (i) is independent from the management of the holder and the REIT that is managed or operated by the holder;
 - (ii) is independent from any business relationship with the holder and the REIT that is managed or operated by the holder;
 - (iii) is independent from every substantial shareholder of the holder, and every substantial unitholder of the REIT;
 - (iv) is not a substantial shareholder of the holder, or a substantial unitholder of the REIT that is managed or operated by the holder; and
 - (v) has not served as a director of the holder for a continuous period of 9 years or longer.

(8) Despite paragraph (7)(b), a director of the holder who does not satisfy any condition mentioned in paragraph (7)(b)(i), (ii) or (iii) may nevertheless be treated as an independent director of the holder if the board of the holder is satisfied that the director is able to act in the best interests of all the unitholders of the REIT that is managed or operated by the holder, as a whole.

Disclosure of director's independence in annual reports of REIT

13E. A holder of a capital markets services licence for real estate investment trust management must ensure that —

- (a) at the end of each financial year of that REIT, its board ascertains for the financial year that has ended —
 - (i) whether each director had during that financial year been independent from the management of the holder and the REIT that is managed or operated by the holder;

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- (ii) whether each director had during that financial year been independent from any business relationship with the holder and the REIT that is managed or operated by the holder;
 - (iii) whether each director had during that financial year been independent from every substantial shareholder of the holder, and every substantial unitholder of the REIT that is managed or operated by the holder;
 - (iv) whether each director had during that financial year been a substantial shareholder of the holder, or a substantial unitholder of the REIT that is managed or operated by the holder;
 - (v) whether each director had, as at the last day of the financial year, served as a director of the holder for a continuous period of 9 years or longer; and
 - (vi) whether, in the board's opinion, any director who had been treated as an independent director of the holder under regulation 13D(8) had ceased during that financial year to be able to act in the best interests of all the unitholders of the REIT that was managed or operated by the holder as a whole;
- (b) the annual report of the REIT that is issued for the financial year under the listing rules of the approved exchange on which all or any of the units of the REIT are listed —
- (i) contains the following disclosures by the board:
 - (A) whether each director had during that financial year been independent from the management of the holder and the REIT that is managed or operated by the holder, and if not, the reasons for the director not being so independent;

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- (B) whether each director had during that financial year been independent from any business relationship with the holder and the REIT that is managed or operated by the holder, and if not, the reasons for the director not being so independent;
 - (C) whether each director had during that financial year been independent from every substantial shareholder of the holder, and every substantial unitholder of the REIT that is managed or operated by the holder, and if not, the reasons for the director not being so independent;
 - (D) whether each director had during that financial year been a substantial shareholder of the holder, or a substantial unitholder of the REIT that is managed or operated by the holder;
 - (E) whether any director had as at the last day of the financial year, served as a director of the holder for a continuous period of 9 years or longer; and
 - (F) whether the board is satisfied that, as at the last day of the financial year, any director was able to act in the best interests of all the unitholders of the REIT that was managed or operated by the holder as a whole despite not being independent as mentioned in sub-paragraph (A), (B) or (C); and
- (ii) contains a statement, in respect of each director in relation to whom a disclosure under sub-paragraph (i)(F) is made, that as at the last day of the financial year, the director was able to act in the best interests of all the

unitholders of the REIT that was managed or operated by the holder as a whole.

Independence from management of holder and REIT managed or operated by holder

13F.—(1) For the purposes of regulations 13D(7)(b)(i) and 13E(a)(i) and (b)(i)(A), a director of a holder of a capital markets services licence for real estate investment trust management is independent from the management of the holder and the REIT that is managed or operated by the holder if the director does not have a management relationship with any of the following persons:

- (a) the holder of the capital markets services licence;
- (b) a related corporation of the holder;
- (c) the trustee of the REIT that is managed or operated by the holder.

(2) For the purposes of paragraph (1)(a), a director has a management relationship with the holder if —

- (a) the director —
 - (i) is currently employed by the holder; or
 - (ii) has been employed by the holder at any time during the current financial year of the holder, or any of the 3 financial years of the holder that immediately precedes that financial year;
- (b) the director is accustomed or under an obligation (whether formal or informal) to act in accordance with the directions, instructions or wishes of the holder; or
- (c) any member of the director's immediate family —
 - (i) is currently employed by the holder as an executive officer of the holder; or

- (ii) has been employed by the holder as an executive officer of the holder at any time during the current financial year of the holder, or any of the 3 financial years of the holder that immediately precedes that financial year.

(3) For the purposes of paragraph (1)(b), a director has a management relationship with a related corporation of the holder (called in this paragraph the related corporation) if —

(a) the director —

- (i) is currently employed by the related corporation; or
- (ii) has been employed by the related corporation at any time during the current financial year of the related corporation, or any of the 3 financial years of the related corporation that immediately precedes that financial year;

(b) the director is accustomed or under an obligation (whether formal or informal) to act in accordance with the directions, instructions or wishes of the related corporation; or

(c) any member of the director's immediate family —

- (i) is currently employed by a related corporation as an executive officer of the related corporation; or
- (ii) has been employed by a related corporation as an executive officer of the related corporation at any time during the current financial year of the related corporation, or any of the 3 financial years of the related corporation that immediately precedes that financial year.

(4) For the purposes of paragraph (1)(c), a director has a management relationship with the trustee of the REIT that is managed or operated by the holder (called in this paragraph the trustee) if —

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- (a) the director —
 - (i) is currently employed by the trustee; or
 - (ii) has been employed by the trustee at any time during the current financial year of the trustee, or any of the 3 financial years of the trustee that immediately precedes that financial year;
 - (b) the director is accustomed or under an obligation (whether formal or informal) to act in accordance with the directions, instructions or wishes of the trustee; or
 - (c) any member of the director's immediate family —
 - (i) is currently employed by the trustee as an executive officer of the trustee; or
 - (ii) has been employed by the trustee as an executive officer of the trustee at any time during the current financial year of the trustee, or any of the 3 financial years of the trustee that immediately precedes that financial year.

Independence from business relationship with holder and REIT managed or operated by holder

13G.—(1) For the purposes of regulations 13D(7)(b)(ii) and 13E(a)(ii) and (b)(i)(B), a director of a holder of a capital markets services licence for real estate investment trust management is independent from any business relationship with the holder and the REIT that is managed or operated by the holder if the director does not have a business relationship with any of the following persons (each called in this regulation a relevant person):

- (a) the holder of the capital markets services licence;
- (b) a related corporation of the holder;
- (c) the trustee of the REIT that is managed or operated by the holder;

(d) an officer of a person mentioned in sub-paragraph (a), (b) or (c).

(2) For the purpose of paragraph (1), a director has a business relationship with a relevant person if —

(a) any of the following persons has in the current or immediately preceding financial year of the holder, made any payment to, or received any payment from, the relevant person:

(i) a corporation that carries on business for purposes of profit of which the director is a substantial shareholder, a director or an executive officer;

(ii) a partnership that carries on business for purposes of profit of which the director is a partner;

(iii) the director in his capacity as a sole proprietor of a business carried on for purposes of profit; or

(b) the director is receiving or has received any payment from the relevant person at any time during the current or immediately preceding financial year of the holder, other than —

(i) in the case where the relevant person is the holder of the capital markets services licence —

(A) fees received for the director's service as a director of the holder; and

(B) salary received for the director's service as an employee of the holder; or

(ii) in any other case, salary received for the director's service as an employee of the relevant person.

Independence from substantial shareholder of holder and substantial unitholder of REIT

13H.—(1) For the purposes of regulations 13D(7)(b)(iii) and 13E(a)(iii) and (b)(i)(C), a director of a holder of a capital markets services licence for real estate investment trust management is independent from every substantial shareholder of the holder, and every substantial unitholder of the REIT that is managed or operated by the holder if the director is not connected to any of the following persons (each called in this regulation a relevant person):

- (a) a substantial shareholder of the holder;
- (b) a substantial unitholder of the REIT.

(2) For the purposes of paragraph (1), a director is connected to a relevant person if —

- (a) where the relevant person is an individual, the director is —
 - (i) a member of the immediate family of the relevant person;
 - (ii) employed by the relevant person;
 - (iii) a partner of a firm or a limited liability partnership of which the relevant person is also a partner; or
 - (iv) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the relevant person; and
- (b) where the relevant person is a corporation, the director is —
 - (i) employed by the relevant person;
 - (ii) employed by a related corporation or an associated corporation of the relevant person;
 - (iii) a director of the relevant person;

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- (iv) a director of a related corporation or an associated corporation of the relevant person;
 - (v) a partner of a firm or a limited liability partnership of which the relevant person is also a partner; or
 - (vi) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the relevant person.”.

Amendment of regulation 14

15. Regulation 14 of the principal Regulations is amended —

(a) by deleting sub-paragraph (a) of paragraph (4) and substituting the following sub-paragraphs:

“(a) where, on or after 8 October 2018, the person commences business in —

(i) any regulated activity; or

(ii) the regulated activity of dealing in capital markets products in respect of any additional type of capital markets products,

a notice of such commencement in Form 26 not later than 14 days prior to the commencement of business or such later date as the Authority may allow in any particular case;

(aa) where, immediately before 8 October 2018, the person was exempted under section 99(1)(a) or (b) of the Act from holding a capital markets services licence and was carrying on business in dealing in specified contracts, a notice of that fact in Form 26 not later than 8 October 2020 or such later date as the Authority may allow in any particular case; or

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- (ab) where, immediately before 8 October 2018, the person was exempted under section 99(1)(c) of the Act from holding a capital markets services licence and was carrying on business in dealing in specified OTC derivatives contracts, a notice of that fact in Form 26 not later than 8 October 2020 or such later date as the Authority may allow in any particular case;”;
- (b) by inserting, immediately after the word “activities” in paragraph (4)(b), the words “, or ceases business in dealing in any capital markets product,”;
- (c) by inserting, immediately after the words “sub-paragraph (a)” in paragraph (4)(b)(i) and (c)(i), the words “, (aa) or (ab)”;
- (d) by deleting the word “and” at the end of paragraph (4)(c);
- (e) by deleting the full-stop at the end of sub-paragraph (d) of paragraph (4) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraphs:
- “(e) where the person intends to appoint an appointed representative in respect of a type of capital markets products in addition to that indicated against the appointed representative’s name in the public register of representatives, a notice of such intention in Form 6; and
- (f) where an appointed representative, temporary representative or provisional representative of the person ceases to act as a representative in respect of a type of capital markets products that is indicated against the representative’s name in the public register of representatives, a notice of such cessation in Form 8 no later than

the next business day after the date of such cessation.”;

- (f) by inserting, immediately after paragraph (4), the following paragraph:

“(4A) A person must not act as a representative of a person who is exempted from holding a capital markets services licence under section 99(1)(a), (b), (c) or (d) of the Act in respect of any type of capital markets products unless the firstmentioned person is indicated in the public register of representatives as a representative of the second-mentioned person in respect of that type of capital markets products.”;

- (g) by deleting the word “securities” in paragraphs (5) and (8) (definition of “special purpose vehicle of the arrangement”) and substituting in each case the words “specified products”;

- (h) by inserting, immediately after the definition of “special purpose vehicle of the arrangement” in paragraph (8), the following definitions:

““specified contract” and “specified OTC derivatives contract” have the meanings given to them in regulation 56;”;

- (i) by deleting the words “a portfolio of securities” in the definition of “venture capital fund” in paragraph (8) and substituting the words “a portfolio of specified products”;

- (j) by deleting the words “a securities exchange or an overseas securities exchange” in the definition of “venture capital fund” in paragraph (8) and substituting the words “an approved exchange or an overseas exchange”; and

- (k) by deleting the word “securities” wherever it appears in paragraphs (a) and (b) of the definition of “venture capital fund” in paragraph (8) and substituting the words “specified products”.

Amendment of regulation 14A

16. Regulation 14A(2) of the principal Regulations is amended by inserting, immediately after the words “Registered Fund Management Company” in sub-paragraph (b), the words “, a corporation that is exempted from holding a capital markets services licence under paragraph 3(1)(d) or 3A(1)(d) of the Second Schedule.”.

Amendment of regulation 15

17. Regulation 15 of the principal Regulations is amended —

- (a) by deleting the words “futures contract or a transaction connected with leveraged foreign exchange trading” in paragraph (2)(a) and substituting the words “any capital markets products”;
- (b) by deleting sub-paragraph (b) of paragraph (2) and substituting the following sub-paragraph:
 - “(b) money received from, or on account of, the customer for the holding of any capital markets products, or the maintenance of a trading account for any capital markets products by the customer;”;
- (c) by deleting sub-paragraph (c) of paragraph (2);
- (d) by deleting the words “securities financing” in paragraph (2)(d) and substituting the words “product financing”;
- (e) by deleting the word “and” at the end of paragraph (2)(iii);
- (f) by deleting the full-stop at the end of sub-paragraph (iv) of paragraph (2) and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraphs:
 - “(v) money received from, or on account of, a customer who is an institutional investor, in connection with any OTC derivatives contract which —

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- (A) is entered into by the holder with the customer;
 - (B) is not cleared or settled by a clearing facility; and
 - (C) is booked in Singapore.”; and
- (g) by deleting paragraph (3) and substituting the following paragraph:

“(3) In this Part —

“customer’s assets”, in relation to the holder of a capital markets services licence, means securities and assets, including Government securities and certificates of deposits, that are beneficially owned by a customer of the holder, but does not include —

- (a) money; and
- (b) securities and assets that are received from, or on account of, a customer who is an institutional investor in connection with any OTC derivatives contract which —
 - (i) is entered into by the holder with the customer;
 - (ii) is not cleared or settled by a clearing facility; and
 - (iii) is booked in Singapore;

“trust account” means an account opened by a holder of a capital markets services licence that —

- (a) is designated as a trust account, a customer’s account or a customers’ account; and
- (b) is distinguished and maintained separately from any other account in

which the holder deposits its own moneys.”.

Amendment of regulation 16

18. Regulation 16 of the principal Regulations is amended —

(a) by deleting sub-paragraph (b) of paragraph (1) and substituting the following sub-paragraphs:

“(b) must, where the holder is a member of an approved clearing house or a recognised clearing house —

(i) deposit all moneys received on account of a retail customer in respect of any OTC derivatives contract entered into by the holder on behalf of, or with, the retail customer in a trust account;

(ii) deposit all moneys received on account of a retail customer in respect of any capital markets products other than an OTC derivatives contract entered into by the holder on behalf of, or with, the retail customer in —

(A) a trust account that is maintained in accordance with regulation 17; or

(B) any other account —

(AA) into which the retail customer directs that the moneys be deposited;

(BB) to which the retail customer has legal and beneficial title; and

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- (CC) which is maintained with a specified financial institution; and
 - (iii) deposit all moneys received on account of a customer who is not a retail customer in —
 - (A) a trust account that is maintained in accordance with regulation 17; or
 - (B) any other account into which that customer directs that the moneys be deposited;
 - (ba) must, where the holder is not a member of an approved clearing house or a recognised clearing house —
 - (i) deposit all moneys received on account of a retail customer in —
 - (A) a trust account that is maintained in accordance with regulation 17; or
 - (B) any other account —
 - (AA) into which the retail customer directs that the moneys be deposited;
 - (BB) to which the retail customer has legal and beneficial title; and
 - (CC) which is maintained with a specified financial institution; and

(ii) deposit all moneys received on account of a customer who is not a retail customer in —

(A) a trust account that is maintained in accordance with regulation 17; or

(B) any other account into which that customer directs that the moneys be deposited; and”;
and

(b) by deleting paragraphs (2), (3) and (4) and substituting the following paragraphs:

“(2) The holder must, no later than the business day immediately following the day on which the holder receives money received on account of its customer or is notified of the receipt of such money (whichever is later) —

(a) deposit the money in a trust account or other account in accordance with paragraph (1)(b) or (ba), as the case may be;

(b) pay the money to the customer;

(c) deposit the money in accordance with regulation 19; or

(d) invest the money in accordance with regulation 20.

(3) Moneys received by a holder who is a member of an approved clearing house or a recognised clearing house on account of the holder’s customers must not be commingled or deposited in the same trust account, except that —

(a) moneys received by the holder on account of retail customers in respect of OTC derivatives contracts entered into by the

holder on behalf of, or with, retail customers may be commingled or deposited in the same trust account; and

- (b) moneys received by the holder on account of retail customers in respect of any capital markets products other than an OTC derivatives contracts entered into by the holder on behalf of, or with, retail customers, and all moneys received by the holder on account of customers other than retail customers, may be commingled or deposited in the same trust account.

(4) Moneys received by a holder who is not a member of an approved clearing house or a recognised clearing house on account of the holder's customers may be commingled or deposited in the same trust account.

(5) Where a holder who is a member of an approved clearing house or a recognised clearing house accepts from a customer any moneys deposited or paid for or in relation to an OTC derivatives contract, the holder must —

- (a) inform the customer that the customer may request the holder to separate the books for any money deposited or paid for or in relation to the contracts of the customer from the books for moneys deposited or paid for or in relation to the contracts of any other customer or customers of the holder, subject to additional costs that may be imposed by the holder on the customer;
- (b) inform the customer of the additional costs that the holder will impose on the customer if the customer makes the request mentioned in sub-paragraph (a); and

(c) inform the customer of —

- (i) the consequences of the holder becoming insolvent if the customer makes the request mentioned in sub-paragraph (a);
- (ii) the consequences of the holder becoming insolvent if the customer does not make the request mentioned in sub-paragraph (a); and
- (iii) the differences between the consequences mentioned in sub-paragraphs (i) and (ii).

(6) In this regulation —

“business day” means the business day of the holder or, if the custodian with whom the trust account is maintained is closed for business on that day and the holder is unable to deposit the money in the trust account, the next business day of the custodian;

“specified financial institution” means any of the following:

- (a) a bank licensed under the Banking Act (Cap. 19);
- (b) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186);
- (c) a finance company licensed under the Finance Companies Act (Cap. 108);
- (d) a corporation incorporated, formed or established outside Singapore, which is licensed, registered, approved or otherwise regulated as a bank under the law of the foreign country or

territory in which it is incorporated, formed or established.”.

Amendment of regulation 17

19. Regulation 17 of the principal Regulations is amended —

(a) by inserting, immediately after the words “its customer” in paragraph (2), the words “(other than moneys received from, or on account of, its retail customer in respect of OTC derivatives contracts that are entered into by the holder with the retail customer)”; and

(b) by inserting, immediately after paragraph (2), the following paragraphs:

“(3) A holder of a capital markets services licence must, before opening a trust account for the purposes of depositing moneys received on account of its customers, assess, and satisfy itself of, the suitability of the financial institution or custodian with which the trust account is to be opened.

(4) A holder of a capital markets services licence must periodically assess, and satisfy itself of, the suitability of any financial institution or custodian that maintains the holder’s trust accounts in which moneys received on account of the holder’s customers are deposited.

(5) The holder must keep, for the period specified in section 102(3) of the Act, records of the grounds on which the holder satisfied itself of the financial institution’s or custodian’s suitability at each assessment under paragraph (3) or (4).

(6) Paragraph (3) does not apply to trust accounts opened by the holder before 8 October 2018.”.

Amendment of regulation 18

20. The principal Regulations are amended by renumbering regulation 18 as paragraph (1) of that regulation, and by inserting immediately thereafter the following paragraph:

“(2) Where the holder of a capital markets services licence opens a trust account with a custodian outside Singapore in accordance with regulation 17(2), the holder must, before depositing moneys received on account of its customer in the trust account, give written notice to the custodian and obtain an acknowledgment from the custodian that —

- (a) all moneys deposited in the account are held by the holder for its customer and the custodian cannot exercise any right of set-off against the moneys for any debt owed by the holder to the custodian; and
- (b) the account is designated as a trust account, a customer’s account or a customers’ account, and is distinguished and maintained separately from any other account in which the holder deposits its own moneys.”.

New regulation 18A

21. The principal Regulations are amended by inserting, immediately after regulation 18, the following regulation:

“Disclosure to customers in relation to moneys received on account of customers

18A. The holder of a capital markets services licence must, before depositing moneys received on account of a retail customer in a trust account mentioned in regulation 17, disclose in writing to the retail customer —

- (a) that the retail customer’s moneys will be held on behalf of the holder by, as the case may be —
 - (i) a bank licensed under the Banking Act;

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- (ii) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act;
 - (iii) a finance company licensed under the Finance Companies Act; or
 - (iv) a custodian outside Singapore which is licensed, registered or authorised to conduct banking business in the country or territory where the account is maintained;
- (b) that the holder may withdraw the retail customer's moneys from the trust account and deposit the moneys with an approved clearing house, a recognised clearing house, a member of a clearing facility or a member of an organised market for any of the purposes specified in regulation 19;
 - (c) whether or not the retail customer's moneys will be deposited in a trust account together with, and commingled with, the moneys of the holder's other customers;
 - (d) if the retail customer's moneys will be deposited in a trust account together with, and commingled with, the moneys of the holder's other customers, the risks of such commingling;
 - (e) the consequences for the retail customer's moneys if the financial institution or custodian with which the trust account is maintained becomes insolvent;
 - (f) the consequences for the retail customer's moneys if the money is deposited with an approved clearing house, a recognised clearing house, a member of a clearing facility or a member of an organised market, and the approved clearing house, recognised clearing house, member of a clearing facility or member of an organised market becomes insolvent; and

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- (g) if the trust account will be maintained with a custodian outside Singapore in accordance with regulation 17(2) —
- (i) the fact that the laws and practices relating to trust accounts in the jurisdiction under which the custodian is licensed, registered or authorised may be different from the laws and practices in Singapore relating to trust accounts; and
 - (ii) the fact that any such differences may affect the ability of the customer to recover the funds deposited in the trust account.”.

Deletion and substitution of regulation 19

22. Regulation 19 of the principal Regulations is deleted and the following regulation substituted therefor:

“Customer’s money deposited with approved clearing house, etc.

19. Despite regulations 16 and 17, the holder of a capital markets services licence to deal in capital markets products may deposit moneys received on account of its customer, other than moneys received on account of a retail customer in respect of OTC derivatives contracts, with an approved clearing house, a recognised clearing house, a member of an organised market or a member of a clearing facility —

- (a) for the purpose of entering into, facilitating the continued holding of a position in, or facilitating a transaction in, any capital markets products on behalf of the customer on the organised market;
- (b) for the purpose of the clearing or settlement of any capital markets products on the clearing facility for the customer; or
- (c) for any other purpose specified under the business rules and practices of the approved clearing house,

recognised clearing house, organised market or clearing facility, as the case may be.”.

Amendment of regulation 20

23. Regulation 20(1) of the principal Regulations is amended by deleting the words “the securities market or futures market, or securities exchange or futures exchange,” in sub-paragraph (b) and substituting the words “an organised market”.

New regulation 20A

24. The principal Regulations are amended by inserting, immediately after regulation 20, the following regulation:

“Moneys received from retail customer

20A. The holder of a capital markets services licence must not enter into any contract, arrangement or transaction, the purpose or effect of which is to transfer any right, interest, benefit or title in any moneys received from its retail customer to itself or any other person, unless —

- (a) the contract, arrangement or transaction is entered into in connection with lending of the retail customer’s specified products; and
- (b) the holder complies with regulation 45(1), (3) and (4) in relation to the lending of the retail customer’s specified products.”.

Amendment of regulation 21

25. Regulation 21 of the principal Regulations is amended —

- (a) by deleting the words “securities, trading in futures contracts or leveraged foreign exchange trading, as the case may be,” in paragraph (b) and substituting the words “capital markets products”; and
- (b) by renumbering the regulation as paragraph (1) of that regulation, and by inserting immediately thereafter the following paragraph:

“(2) Despite paragraph (1)(*d*), the holder of a capital markets services licence must not withdraw any money from a retail customer’s trust account for the purpose of making a payment to any other person or account to meet any obligation of the holder in relation to any transaction, arrangement or contract entered into by the holder for the benefit of the holder.”.

Amendment of regulation 23

26. Regulation 23(3) of the principal Regulations is amended by deleting the words “regulation 21(*e*)” and substituting the words “regulation 21(1)(*e*)”.

Amendment of regulation 26

27. Regulation 26 of the principal Regulations is amended —

(*a*) by deleting sub-paragraph (*a*) of paragraph (1) and substituting the following sub-paragraph:

“(*a*) deposit a customer’s assets —

(i) in the case of a retail customer —

(A) in a custody account held on trust for the customer that is maintained in accordance with regulation 27; or

(B) in any other account —

(AA) into which the customer directs that the assets are to be deposited;

(BB) to which the customer has legal and beneficial title; and

(CC) which is maintained with a specified custodian; and

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- (ii) in the case of any other customer —
 - (A) in a custody account held on trust for the customer; or
 - (B) in any other account into which the customer directs that the assets be deposited;”;
 - (b) by deleting paragraph (2) and substituting the following paragraph:

“(2) The holder must, no later than the business day immediately following the day on which the holder receives customer’s assets or is notified of the receipt of such assets, whichever is later —

 - (a) deposit the assets in a custody account or other account in accordance with paragraph (1)(a);
 - (b) return the assets to the customer; or
 - (c) deposit the assets in accordance with regulation 30.”; and
 - (c) by inserting, immediately after paragraph (4), the following paragraphs:

“(5) Where a holder who is a member of an approved clearing house or a recognised clearing house receives from a customer any assets deposited or paid for in relation to an OTC derivatives contract, the holder must —

 - (a) inform the customer that the customer may request the holder to separate the books for any assets deposited or paid for or in relation to the contracts of the customer from the books for assets deposited or paid for or in relation to the contracts of any other customer or customers of the holder, subject to additional costs that may be imposed by the holder on the customer;

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- (b) inform the customer of the additional costs that the holder will impose on the customer if the customer makes the request mentioned in sub-paragraph (a); and
 - (c) inform the customer of —
 - (i) the consequences of the holder becoming insolvent if the customer makes the request mentioned in sub-paragraph (a);
 - (ii) the consequences of the holder becoming insolvent if the customer does not make the request mentioned in sub-paragraph (a); and
 - (iii) the differences between the consequences mentioned in sub-paragraphs (i) and (ii).
- (6) In paragraph (1), “specified custodian” means —
- (a) a bank licensed under the Banking Act;
 - (b) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act;
 - (c) a finance company licensed under the Finance Companies Act;
 - (d) a depository agent within the meaning of section 81SF of the Act for the custody of securities listed for quotation or quoted on the Singapore Exchange Securities Trading Limited or deposited with the Central Depository (Pte) Ltd;
 - (e) an approved trustee for a collective investment scheme within the meaning of section 289 of the Act;

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- (f) any person licensed under the Act to provide custodial services; or
 - (g) a custodian outside Singapore which is licensed, registered or authorised to act as a custodian in the country or territory where the account is maintained.”.

Amendment of regulation 27

28. Regulation 27 of the principal Regulations is amended —

- (a) by deleting the words “section 130A of the Companies Act (Cap. 50) for the custody of securities” in paragraph (1)(d) and substituting the words “section 81SF of the Act for the custody of capital markets products”; and
- (b) by deleting the words “for securities” in paragraphs (1)(f) and (2).

New regulation 27A

29. The principal Regulations are amended by inserting, immediately after regulation 27, the following regulation:

“Disclosure to customers in relation to assets received on account of customers

27A. A holder of a capital markets services licence must, before depositing assets received on account of a retail customer in a custody account mentioned in regulation 27, disclose in writing to the retail customer —

- (a) that the retail customer’s assets will be held on behalf of the customer in accordance with regulation 27;
- (b) that the holder may withdraw the retail customer’s assets from the custody account and deposit the assets with an approved clearing house, a recognised clearing house, a member of a clearing facility or a member of an organised market for any of the purposes specified in regulation 30;

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- (c) whether or not the retail customer's assets will be deposited in a custody account with, and commingled with, the assets of the holder's other customers;
 - (d) if the retail customer's assets will be deposited in a custody account together with, and commingled with, the assets of the holder's other customers, the risks of such commingling;
 - (e) the consequences for the retail customer's assets if the custodian with which the custody account is maintained becomes insolvent; and
 - (f) if the custody account will be maintained with a custodian outside Singapore in accordance with regulation 27(3) —
 - (i) the fact that the laws and practices relating to custody accounts in the jurisdiction under which the custodian is licensed, registered or authorised may be different from the laws and practices in Singapore relating to custody accounts; and
 - (ii) the fact that any such differences may affect the ability of the customer to recover the assets deposited in the custody account.”.

Deletion and substitution of regulation 29

30. Regulation 29 of the principal Regulations is deleted and the following regulation substituted therefor:

“Suitability of custodian

29.—(1) The holder of a capital markets services licence which maintains its customer's assets in a custody account under regulation 27(1) or (3) must —

- (a) before opening the custody account, assess the custodian's suitability for the holder's customer or class of customers; and

(b) periodically assess the custodian’s suitability for as long as the custody account is maintained with that custodian.

(2) The holder must keep, for the period specified in section 102(3) of the Act, records of the grounds on which the holder satisfied itself of the custodian’s suitability at each assessment under paragraph (1)(a) or (b).”.

Deletion and substitution of regulation 30

31. Regulation 30 of the principal Regulations is deleted and the following regulation substituted therefor:

“Customer’s assets held with approved clearing house, etc.

30. Despite regulations 26 and 27, the holder of a capital markets services licence to deal in capital markets products may deposit its customer’s assets with an approved clearing house, a recognised clearing house, a member of an organised market or a member of a clearing facility —

- (a) for the purpose of entering into, facilitating the continued holding of a position in, or facilitating a transaction in, any capital markets products on behalf of the customer on the organised market;
- (b) for the purpose of the clearing or settlement of any capital markets products on the clearing facility for the customer; or
- (c) for any other purpose specified under the business rules and practices of the approved clearing house, recognised clearing house, organised market or clearing facility, as the case may be.”.

Amendment of regulation 31

32. Regulation 31 of the principal Regulations is amended by deleting the words “for securities” in paragraphs (1) and (2).

Amendment of regulation 32

33. Regulation 32(1) of the principal Regulations is amended by inserting, immediately after the words “paragraph (3)”, the words “and without affecting regulation 28”.

Amendment of regulation 33

34. Regulation 33 of the principal Regulations is amended —

- (a) by deleting the word “securities” wherever it appears in paragraphs (1) to (5) and in the regulation heading and substituting in each case the words “specified products”; and
- (b) by inserting, immediately after the words “accredited investor” in paragraph (3), the words “, expert investor or institutional investor”.

Deletion and substitution of regulation 34 and new regulation 34A

35. Regulation 34 of the principal Regulations is deleted and the following regulations substituted therefor:

“Mortgage of customer’s assets

34.—(1) Despite regulations 26 and 27 and subject to paragraphs (2), (3) and (4) and any agreement between the holder of a capital markets services licence and its customer, where the holder is owed money by its customer, the holder may mortgage, charge, pledge or hypothecate the customer’s assets but only for a sum not exceeding the amount owed by the customer to the holder.

(2) The holder of a capital markets services licence must, before mortgaging, charging, pledging or hypothecating a retail customer’s assets —

- (a) inform the retail customer that the holder may mortgage, charge, pledge or hypothecate the retail customer’s assets but only for a sum not exceeding the amount owed by the customer to the holder;

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- (b) explain to the retail customer the risks of mortgaging, charging, pledging or hypothecating the retail customer's assets; and
 - (c) obtain the retail customer's written consent to mortgage, charge, pledge or hypothecate the retail customer's assets.

(3) For the purposes of paragraph (1), a sum for which a customer's assets are mortgaged, charged, pledged or hypothecated does not exceed the amount owed by the customer to the holder by reason only of an excess arising on any day through the reduction of the amount owed by the customer to the holder on that day, if the holder pays or transfers to the mortgagee, chargee or pledgee concerned money or assets of an amount sufficient to reduce such excess as promptly as practicable after the excess occurs and, in any event, no later than the next business day.

(4) The holder of a capital markets services licence may mortgage, charge, pledge or hypothecate the assets of multiple customers together if and only if —

- (a) the sum of the claims to which such customers' assets are subject as a result of such mortgage, charge, pledge or hypothecation does not exceed the aggregate amounts owed by the customers to the holder; and
- (b) the claim to which each customer's assets are subject as a result of such mortgage, charge, pledge or hypothecation does not exceed the amount owed by the customer to the holder.

Assets received from retail customer

34A. The holder of a capital markets services licence must not, in relation to any assets received from its retail customer, enter into any contract, arrangement or transaction of which the purpose or effect is to transfer any right, interest, benefit or title in those assets to itself or any other person, unless —

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- (a) the contract, arrangement or transaction is entered into in connection with borrowing or lending of the retail customer's specified products; and
 - (b) the holder complies with regulation 45(1), (3) and (4) in relation to the borrowing or lending (as the case may be) of the retail customer's specified products."

Amendment of regulation 35

36. Regulation 35 of the principal Regulations is amended —

- (a) by deleting the words "securities, trading in futures contracts or leveraged foreign exchange trading, as the case may be," in paragraph (b) and substituting the words "capital markets products";
- (b) by deleting the words "securities lending" in paragraph (d) and substituting the words "lending of specified products" and
- (c) by renumbering the regulation as paragraph (1) of that regulation, and by inserting immediately thereafter the following paragraph:

“(2) Despite paragraph (1)(c), the holder of a capital markets services licence must not transfer any retail customer's assets to meet any obligation of the holder in relation to any transaction, arrangement or contract entered into by the holder for the benefit of the holder.”

Deletion and substitution of regulation 37

37. Regulation 37 of the principal Regulations is deleted and the following regulation substituted therefor:

“Computation for trust accounts and custody accounts

37.—(1) For the purposes of Division 2, a holder of a capital markets services licence to carry on business in any regulated activity must, no later than noon of every business day, complete a computation of —

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- (a) the total amount of moneys deposited in its customers' trust accounts;
 - (b) the total amount of its customers' moneys required under Part V of the Act and these Regulations to be deposited in trust accounts; and
 - (c) the amounts of the holder's residual interest in the trust accounts,

as at the end of the previous business day.

(2) For the purposes of Division 3, a holder of a capital markets services licence to carry on business in dealing in capital markets products that are futures contracts, FX OTC derivatives contracts or spot foreign exchange contracts for purposes of leveraged foreign exchange trading must, no later than noon of every business day, complete a computation of —

- (a) the total amount of assets deposited in its customers' custody accounts; and
- (b) the total amount of its customers' assets required under Part V of the Act and these Regulations to be deposited in custody accounts,

as at the end of the previous business day.

(3) For the purposes of Division 3, a holder of a capital markets services licence to carry on business in any regulated activity (other than dealing in capital markets products that are futures contracts, FX OTC derivatives contracts or spot foreign exchange contracts for purposes of leveraged foreign exchange trading) who is a member of the Central Depository System must —

- (a) in respect of assets deposited with the Central Depository System, no later than noon of every business day, complete a computation of —
 - (i) the total amount of assets deposited in its customers' custody accounts; and

- (ii) the total amount of its customers' assets required under Part V of the Act and these Regulations to be deposited in custody accounts,

as at the end of the previous business day; and

- (b) in respect of assets that are not deposited with the Central Depository System, no later than noon of the first business day after the last day of each month, complete a computation of —

- (i) the total amount of assets deposited in its customers' custody accounts; and

- (ii) the total amount of its customers' assets required under Part V of the Act and these Regulations to be deposited in custody accounts,

as at the end of that month.

(4) For the purposes of Division 3, a holder of a capital markets services licence to carry on business in any regulated activity (other than dealing in capital markets products that are futures contracts, FX OTC derivatives contracts or spot foreign exchange contracts for purposes of leveraged foreign exchange trading) who is not a member of the Central Depository System must, no later than noon of the first business day after the last day of each month, complete a computation of —

- (a) the total amount of assets deposited in its customers' custody accounts; and

- (b) the total amount of its customers' assets required under Part V of the Act and these Regulations to be deposited in custody accounts,

as at the end of that month.

(5) The holder must keep the result of each computation required under paragraph (1), (2), (3)(a) or (b) or (4), and all data that supports each such computation, for the period specified in section 102(3) of the Act.

(6) Despite paragraphs (3)(b) and (4), if a holder is unable to obtain information on the total amount of assets deposited in its customers' custody accounts before noon of the first business day after the last day of any month, the holder need not compute the amounts required to be computed under paragraph (3)(b) or (4) (as the case may be) before that time, but must compute those amounts no later than noon of the business day after the day on which the information is obtained by the holder.

(7) In this regulation, "Central Depository System" has the meaning given in section 81SF of the Act."

Amendment of regulation 38

38. Regulation 38 of the principal Regulations is amended —

- (a) by deleting the words "a clearing house" in paragraph (1) and substituting the words "an approved clearing house or a recognised clearing house";
- (b) by deleting the words "the clearing house" wherever they appear in paragraph (1) and substituting in each case the words "the approved clearing house or recognised clearing house (as the case may be)";
- (c) by deleting the words "deal in securities or trade in futures contracts" in paragraph (b) of the definition of "customer's contract" in paragraph (2) and substituting the words "deal in capital markets products"; and
- (d) by deleting the words "clearing house" in the regulation heading and substituting the words "approved clearing house or recognised clearing house".

Amendment of regulation 39

39. Regulation 39 of the principal Regulations is amended —

- (a) by inserting, immediately after sub-paragraph (d) of paragraph (1), the following sub-paragraph:
 - “(da) particulars of every transaction in which the holder lends, or arranges for a custodian

to lend, a customer's specified products, including —

- (i) the terms and conditions of the transaction; and
 - (ii) if any collateral is received, a description of the collateral received;”;
- (b) by deleting the word “and” at the end of paragraph (1)(e)(iii);
- (c) by inserting, immediately after sub-paragraph (iv) of paragraph (1)(e), the following sub-paragraphs:
- “(v) whether the customer has a trust account or custody account maintained by the holder solely for that customer, or shares the same trust account or custody account with other customers of the holder; and
 - (vi) the names of the custodians with whom the holder deposits any assets of the customer;”;
- (d) by deleting the word “and” at the end of paragraph (1)(i);
- (e) by deleting the full-stop at the end of sub-paragraph (j) of paragraph (1) and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraph:
- “(k) particulars of every transaction in relation to any OTC derivatives contract entered into on behalf of, or with, the holder's customers, including —
 - (i) the price at which the OTC derivatives contract was executed;
 - (ii) the fees or commission and other expenses paid in relation to the transaction; and

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- (iii) the terms and conditions of the transaction, including margin requirements relating to the transaction.”;
 - (f) by deleting the words “other than one who is an accredited investor,” in paragraph (2)(a);
 - (g) by inserting, immediately after sub-paragraph (b) of paragraph (2), the following sub-paragraphs:
 - “(ba) every disclosure made to a customer under regulation 18A or 27A;
 - (bb) every acknowledgment of a customer received under regulation 47DA(1)(b);
 - (bc) every document relating to the opening of any trading account of a customer with the holder for the purpose of entering into the transactions in relation to OTC derivatives contracts;”;
 - (h) by deleting the words “securities transaction, futures transaction or transaction in connection with leveraged foreign exchange trading” in paragraph (2)(i) and substituting the words “transaction to purchase or sell any capital markets products”;
 - (i) by deleting the words “deal in securities, trade in futures contracts or carry out leveraged foreign exchange trading” in paragraph (3) and substituting the words “deal in capital markets products”;
 - (j) by deleting sub-paragraphs (a), (b) and (c) of paragraph (3) and substituting the following sub-paragraphs:
 - “(a) as soon as practicable upon the receipt of a customer’s order for capital markets products that are securities and units in a collective investment scheme that are not quoted on an organised market or the receipt of any amendment or cancellation

of such an order, prepare and keep a written record of —

- (i) the particulars of the customer's instruction in the order;
 - (ii) the date of receipt of the order, amendment or cancellation; and
 - (iii) where the instruction in respect of the order, amendment or cancellation is placed through an Internet-based trading platform, the Internet protocol address from which the instruction is received;
- (b) as soon as practicable upon the execution of an order mentioned in sub-paragraph (a), prepare and keep a written record of the particulars of the transaction, including —
- (i) the date of the execution of the order; and
 - (ii) any subsequent variation to the order;
- (c) as soon as practicable upon the receipt of a customer's order for capital markets products other than securities and units in a collective investment scheme that are not quoted on an organised market or the receipt of any amendment or cancellation of such an order, prepare and keep a written record of —
- (i) the particulars of the customer's instruction in the order;
 - (ii) the date and time of receipt of the order, amendment or cancellation;
 - (iii) where the instruction in respect of the order, amendment or cancellation is placed through an Internet-based

trading platform, the Internet protocol address from which the instruction is received; and

- (iv) where the order, amendment or cancellation is transmitted to a member of an organised market or to the trading floor of such an organised market, the date and time the order, amendment or cancellation is transmitted;
- (d) as soon as practicable upon the execution of an order mentioned in sub-paragraph (c), prepare and keep a written record of the particulars of the transaction, including —
 - (i) the date and time of the execution of the order; and
 - (ii) any subsequent variation to the order.”;
- (k) by deleting the words “trade in futures contracts” in paragraph (4) and substituting the words “deal in capital markets products that are futures contracts”;
- (l) by deleting the words “a futures exchange” in paragraphs (4) and (5) (paragraph (a) of the definitions of “arbitrageur” and “market-maker”) and substituting in each case the words “an approved exchange”;
- (m) by deleting the words “the futures exchange” in paragraph (4)(c) and substituting the words “the approved exchange”;
- (n) by deleting the words “the futures exchange” in paragraphs (a) and (b) of the definition of “arbitrageur” in paragraph (5) and substituting in each case the words “the approved exchange”;

- (o) by deleting the words “a futures market” in paragraph (b) of the definition of “arbitrageur” in paragraph (5) and substituting the words “an organised market”; and
- (p) by deleting the words “the futures exchange” in paragraphs (a) to (d) of the definition of “market-maker” in paragraph (5) and substituting in each case the words “the approved exchange”.

Amendment of regulation 40

40. Regulation 40 of the principal Regulations is amended —

- (a) by inserting, immediately after the words “accredited investor,” in paragraph (1A)(b), the words “an expert investor or an institutional investor,”;
- (b) by inserting, immediately after paragraph (1A), the following paragraph:

“(1B) Despite paragraph (1A), where the holder of a capital markets services licence receives a request from a customer for a statement of account mentioned in paragraph (1), the holder must provide the customer with the statement as soon as practicable.”;
- (c) by deleting the words “paragraph (1)” in paragraph (2) and substituting the words “paragraphs (1) and (1B)”;
- (d) by deleting the words “securities transactions of the customer” in paragraph (2)(a) and substituting the words “transactions to purchase or sell securities or units in a collective investment scheme entered into by the customer”;
- (e) by deleting sub-paragraph (b) of paragraph (2) and substituting the following sub-paragraph:

“(b) a list of derivatives contracts entered into by the customer and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading entered into by the customer that are outstanding and have not been liquidated, the prices at which

such contracts were acquired, and the net unrealised profits or losses of the customer in all such contracts marked to the market;”;

- (f) by deleting the words “securities lending” in paragraph (2)(c) and substituting the words “the lending of specified products”;
- (g) by deleting the words “paragraph (4)” in paragraph (3) and substituting the words “paragraphs (4), (5) and (6)”;
- (h) by deleting the words “futures positions, leveraged foreign exchange positions” in paragraph (3) and substituting the words “derivatives contracts of the customer and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading of the customer that are outstanding and have not been liquidated”; and
- (i) by deleting paragraph (5) and substituting the following paragraphs:

“(5) Paragraphs (1) and (3) do not apply to a holder of a capital markets services licence for dealing in capital markets products that is a member of an approved clearing house, if the statements of account mentioned in those paragraphs are furnished to the customer by the approved clearing house or a Depository within the meaning of section 81SF of the Act.

(6) Paragraphs (1) and (3) do not apply to a holder of a capital markets services licence for dealing in capital markets products all the customers of which are institutional investors, if the holder performs periodic reconciliation, between the holder’s records and its customers’ records, in respect of its customers’ transactions and positions in capital markets products.

(7) In this regulation —

- (a) a derivatives contract has not been liquidated if —

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- (i) the derivatives contract has not been set off against any other transaction;
 - (ii) any underlying thing of the derivatives contract has not been delivered;
 - (iii) the derivatives contract has not been settled in accordance with the business rules or practices of an organised market or clearing facility; and
 - (iv) the derivatives contract has not been substituted with a cash commodity; and
- (b) a spot foreign exchange contract for the purposes of leveraged foreign exchange trading has not been liquidated if —
- (i) the spot foreign exchange contract for the purposes of leveraged foreign exchange trading has not been set off against any other transaction;
 - (ii) the currency of the spot foreign exchange contract for the purposes of leveraged foreign exchange trading has not been delivered;
 - (iii) the spot foreign exchange contract for the purposes of leveraged foreign exchange trading has not been settled in accordance with the business rules or practices of an organised market or clearing facility; and
 - (iv) the spot foreign exchange contract for the purposes of leveraged foreign exchange trading has not been substituted with a futures contract.”.

Amendment of regulation 41

- 41.** Regulation 41 of the principal Regulations is amended —
- (a) by deleting the words “or a futures exchange or clearing house” and substituting the words “an approved exchange or approved clearing house”;
 - (b) by deleting the words “, futures exchange or clearing house” and substituting the words “, approved exchange or approved clearing house”; and
 - (c) by deleting the words “futures exchange or clearing house” in the regulation heading and substituting the words “approved exchange or approved clearing house”.

Amendment of regulation 42

- 42.** Regulation 42 of the principal Regulations is amended —
- (a) by deleting the words “securities, trade in futures contracts or carry out leveraged foreign exchange trading” in paragraph (1) and substituting the words “capital markets products”;
 - (b) by deleting the words “securities or futures contracts or a transaction connected with leveraged foreign exchange trading” in paragraph (1) and substituting the words “any capital markets products”;
 - (c) by deleting paragraph (1A) and substituting the following paragraphs:
 - “(1A) Paragraph (1) does not apply to any transaction of sale or purchase of securities, units in a collective investment scheme or exchange-traded derivatives contracts effected by the holder of a capital markets services licence through a member of an approved exchange or overseas exchange, if the holder gives, or arranges with that member to give, to the other party to the transaction a contract note, or a copy of a contract note, issued by that member in respect of the transaction, in accordance with the rules of that exchange or with any written law governing

the issuance of contract notes by members of that exchange.

(1AA) Paragraph (1) does not apply to any transaction of sale or purchase of OTC derivatives contracts, if the holder gives to the other party to the transaction a confirmation in respect of the transaction that states —

- (a) the name of the holder;
 - (b) the name of the party to whom the confirmation is given;
 - (c) where the holder is dealing in OTC derivatives contracts as a principal, a statement that is so acting;
 - (d) the date on which the transaction is entered into; and
 - (e) the type and notional value of the over-the-counter derivatives contracts.”;
- (d) by deleting the words “securities, trading in futures contracts or leveraged foreign exchange trading” in paragraph (1B)(a) and substituting the words “capital markets products”;
- (e) by deleting the words “securities or carrying out leveraged foreign exchange trading” in paragraph (1B)(b)(i) and substituting the words “capital markets products other than futures contracts”;
- (f) by deleting the words “trading in futures contracts” in paragraph (1B)(b)(ii) and substituting the words “dealing in capital markets products that are futures contracts”;
- (g) by inserting, immediately after the word “securities” wherever it appears in paragraph (1B)(e), the words “or units in a collective investment scheme”;
- (h) by deleting sub-paragraph (f) of paragraph (1B) and substituting the following sub-paragraph:

“(f) in respect of a sale or purchase of derivatives contracts or a transaction connected with spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, the quantity and type of the derivatives contract or the amount of spot foreign exchange contracts that is the subject of the transaction, as the case may be;”;

- (i) by deleting the words “securities or futures contract or a transaction connected with leveraged foreign exchange trading” in paragraphs (1B)(g) and (2) and substituting in each case the words “capital markets products”; and
- (j) by deleting the word “securities” wherever it appears in paragraph (1B)(h) and substituting in each case the words “capital markets products”.

Amendment of regulation 43

43. Regulation 43(4) of the principal Regulations is amended —

- (a) by deleting the words “securities listed for quotation or quoted on a securities exchange or an overseas securities exchange” in the definition of “market value” and substituting the words “specified products listed for quotation or quoted on an approved exchange or an overseas exchange”; and
- (b) by deleting the word “securities” wherever it appears in paragraphs (a), (b) and (c) of the definition of “market value” and substituting in each case the words “specified products”.

Amendment of regulation 44

44. Regulation 44 of the principal Regulations is amended —

- (a) by deleting the words “securities or trade in futures contracts” in paragraph (1)(a) and substituting the words “capital markets products”.

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- (b) by deleting the words “securities or futures contracts” wherever they appear in paragraphs (1) and (2)(a) and substituting in each case the words “capital markets products”;
 - (c) by deleting the words “the securities market of a securities exchange, the futures market of a futures exchange or the securities market or the futures market of a recognised market operator, as the case may be,” in paragraph (1) and substituting the words “an organised market of an approved exchange or a recognised market operator”; and
 - (d) by deleting the words “securities exchange or futures exchange, as the case may be,” in paragraph (2)(b) and substituting the words “approved exchange”.

Amendment of regulation 45

45. Regulation 45 of the principal Regulations is amended —

- (a) by deleting the word “securities” wherever it appears in the following provisions and substituting in each case the words “specified products”:
 - Paragraphs (1)(a) and (b), (2), (3), (4), (5)(b), (c), (d), (f) and (g), (6), (7)(a) and (b)(i), (8)(a) and (b) and (9) (paragraphs (c) and (f)(ii)(A) and (B), (iii)(B)(AA) and (BB) and (C)(AA) and (BB) and (iv)(A) and (B) of the definition of “Collateral”, paragraph (b) of the definition of “customer” and paragraphs (a), (b) and (c) of the definition of “market value”);
- (b) by inserting, immediately after the words “accredited investor” wherever they appear in paragraphs (2), (6) and (7)(a)(i) and (ii) and (b), the words “, expert investor or institutional investor”;
- (c) by deleting the words “securities exchange, futures exchange or clearing house” in paragraph (f)(v) of the definition of “Collateral” in paragraph (9) and substituting the words “approved exchange or approved clearing house”;

(d) by deleting the definition of “marginable securities” in paragraph (9) and substituting the following definition:

““marginable specified products” means —

- (a) specified products listed for quotation or quoted on the Singapore Exchange Securities Trading Limited;
 - (b) in the case of an initial public offer, specified products to be listed for quotation or quoted on the Singapore Exchange Securities Trading Limited, for which the holder of a capital markets services licence has received full payment from the borrower;
 - (c) specified products quoted on a recognised group A exchange, and issued by a corporation with shareholders’ funds of not less than \$200 million or its equivalent in a foreign currency; or
 - (d) such other specified products as the Authority may approve and set out in a guideline issued by the Authority;”;
- (e) by deleting the words “securities listed for quotation or quoted on a securities exchange or overseas securities exchange” in the definition of “market value” in paragraph (9) and substituting the words “specified products listed for quotation or quoted on an approved exchange or overseas exchange”; and
- (f) by deleting the word “Securities” in the regulation heading and substituting the words “Specified products”.

Amendment of regulation 46

46. Regulation 46 of the principal Regulations is amended —

- (a) by deleting the words “a securities exchange, a futures exchange, an overseas securities exchange or an overseas futures exchange” in paragraph (7)(a)(iii) and substituting the words “an approved exchange or an overseas exchange”;
- (b) by inserting, immediately after the words “offer of securities” wherever they appear in paragraph (7)(b), the words “or securities-based derivatives contracts”;
- (c) by inserting the word “or” at the end of paragraph (7)(b);
- (d) by deleting sub-paragraph (c) of paragraph (7); and
- (e) by inserting, immediately after paragraph (7), the following paragraph:

“(8) A specified person must not, directly or indirectly, publish, circulate or distribute on or after 8 October 2018 but before 10 December 2018 any advertisement —

- (a) which refers, directly or indirectly, to any past specific recommendations of the specified person in relation to any specified product or futures contract which were or would have been profitable to any person, except that the specified person may refer in an advertisement to a list of all recommendations made by the specified person within the period of not less than one year immediately before the date the advertisement is published, circulated or distributed, which list, if furnished separately from the advertisement, must —

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- (i) state the name of each specified product or futures contract (as the case may be) recommended, the date and nature of the recommendation, the market price at that time, the price at which the recommendation was to be acted upon, and the market price of the specified product or futures contract (as the case may be) as of the most recent practicable date; and
 - (ii) contain a statement, in as large a font as the largest font used in the body of the advertisement, to the effect that the past performance of the specified product or futures contract (as the case may be) in the list is not indicative of the future performance of the specified product or futures contract (as the case may be);
- (b) which represents, directly or indirectly, that any graph, chart, formula or other device set out or referred to in the advertisement —
- (i) can, in and of itself, be used to determine which specified product or futures contract to buy or sell, or when to buy or sell them; or
 - (ii) will assist any person in deciding which specified product or futures contract to buy or sell, or when to buy or sell them,

without prominently disclosing in the advertisement the limitations of such graph, chart, formula or device (as the case may be) and the difficulties with respect to its use;

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- (c) which contains any statement to the effect that any report, analysis or other service will be provided free or without charge, unless such report, analysis or service is in fact or will in fact be provided in its entirety and without any condition or obligation; or
 - (d) which contains any inaccurate or misleading statement or presentation, or any exaggerated statement or presentation that is calculated to exploit an individual's lack of experience and knowledge.”.

Amendment of regulation 46AB

47. Regulation 46AB(2) of the principal Regulations is amended —

- (a) by deleting the words “regulation 16(1) of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 (G.N. No. S 611/2005)” in sub-paragraph (c)(i) and substituting the words “regulation 17 of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 (G.N. No. S 664/2018)”;
- (b) by deleting sub-paragraph (ii) of sub-paragraph (c); and
- (c) by deleting the words “regulation 21(1)” in sub-paragraph (c)(iii) and substituting the words “regulation 19A(1)”.

Amendment of regulation 47

48. Regulation 47 of the principal Regulations is amended —

- (a) by deleting the words “securities, trade in futures contract or carry out leveraged foreign exchange trading” in paragraphs (1) and (2) and substituting in each case the words “capital markets products”;
- (b) by deleting the words “a market” in paragraph (1) and substituting the words “an organised market”; and

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- (c) by deleting the words “securities exchange, futures exchange, clearing house or recognised trading system provider” in paragraph (2)(b) and substituting the words “approved exchange, recognised market operator, approved clearing house or recognised clearing house”.

Amendment of regulation 47A

49. Regulation 47A of the principal Regulations is amended —

- (a) by deleting the word “securities” wherever it appears in paragraph (1)(a), (b) and (ii), (2) and (3)(a) and substituting in each case the words “specified products”;
- (b) by deleting the words “those securities” in paragraph (1)(i) and substituting the words “those specified products”;
- (c) by deleting the words “a securities exchange” in paragraph (1)(i) and substituting the words “an approved exchange”; and
- (d) by deleting the words “relates to securities that the holder 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” in paragraph (1) and substituting the words “relates to specified products that the holder 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 specified products”.

Amendment of regulation 47B

50. Regulation 47B of the principal Regulations is amended —

- (a) by deleting the words “deal in securities” wherever they appear in paragraphs (1), (2), (3), (5), (6) and (9)(a) and substituting in each case the words “deal in capital markets products”;
- (b) by deleting the words “any securities” in paragraph (1) and substituting the words “any specified product”;

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- (c) by deleting the words “purchase of securities” in paragraphs (2), (6) and (9)(a) and substituting in each case the words “purchase of specified products”;
 - (d) by deleting the words “odd lot of securities” in paragraph (3) and substituting the words “odd lot of specified products”;
 - (e) by deleting the words “a securities exchange” in paragraph (3) and substituting the words “an approved exchange”;
 - (f) by deleting the words “odd lots of securities” in paragraph (3) and substituting the words “odd lots of specified products”;
 - (g) by deleting the words “dealing in securities” in paragraph (4) and substituting the words “dealing in specified products”;
 - (h) by deleting the words “sale of securities” in paragraph (5) and substituting the words “sale of specified products”;
 - (i) by deleting the words “the securities” in paragraphs (5) and (6) and substituting in each case the words “those specified products”;
 - (j) by deleting sub-paragraph (b) of paragraph (9) and substituting the following sub-paragraph:
 - “(b) a reference to specified products is a reference to specified products permitted to be traded on an organised market of —
 - (i) an approved exchange;
 - (ii) an overseas exchange; or
 - (iii) a recognised market operator; and”;
 - (k) by deleting the words “deals in securities” in paragraph (9)(c)(i)(A) and substituting the words “deals in capital markets products that are specified products”;

- (l) by deleting the word “securities” in paragraph (9)(c)(i)(B) and (C) and substituting in each case the words “specified products”; and
- (m) by deleting the words “a securities exchange, overseas securities exchange” in paragraph (9)(c)(i)(D) and substituting the words “an approved exchange, an overseas exchange”.

New regulation 47BA

51. The principal Regulations are amended by inserting, immediately after regulation 47B, the following regulation:

“No dealing as agent

47BA. A holder of a capital markets services licence must not deal with a retail customer as an agent when dealing in capital markets products that are —

- (a) OTC derivatives contracts; or
- (b) spot foreign exchange contracts for the purposes of leveraged foreign exchange trading.”.

Amendment of regulation 47C

52. Regulation 47C(1) of the principal Regulations is amended —

- (a) by deleting the words “trade in futures contracts” and substituting the words “deal in capital markets products”; and
- (b) by deleting the words “a futures exchange” and substituting the words “an approved exchange”.

Amendment of regulation 47D

53. Regulation 47D(1) of the principal Regulations is amended —

- (a) by deleting the words “trade in futures contracts” and substituting the words “deal in capital markets products”; and
- (b) by deleting the words “a futures market” and substituting the words “an organised market”; and

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- (c) by deleting the words “a futures exchange” in sub-paragraph (b) and substituting the words “an approved exchange”.

New regulation 47DA

54. The principal Regulations are amended by inserting, immediately after regulation 47D, the following regulation:

“General risk disclosure requirements

47DA.—(1) Subject to paragraph (3), a holder of a capital markets services licence to deal in specified capital markets products must not open a trading account for a customer for the purpose of entering into transactions of sale and purchase of any specified capital markets products unless the holder —

- (a) furnishes the customer with a written risk disclosure document prepared by the holder that discloses the material risks of the specified capital markets products; and
- (b) receives from the customer an acknowledgment signed and dated by the customer that he has received and understood the nature and contents of the risk disclosure document provided.

(2) Subject to paragraph (3), the holder must not enter any transaction of sale or purchase of any specified capital markets products unless —

- (a) the holder has informed the customer whether the holder is acting in that transaction as a principal or an agent;
- (b) the holder —
 - (i) has informed the customer that the holder intends to act as a principal in all transactions of sale or purchase of specified capital markets products with the customer; and
 - (ii) is acting in that transaction as a principal; or

(c) the holder —

- (i) has informed the customer that the holder intends to act in as an agent for all transactions of sale or purchase of specified capital markets products with the customer; and
- (ii) is acting in that transaction as an agent.

(3) Paragraphs (1) and (2) do not apply to the holder in respect of a customer who is —

- (a) an accredited investor;
- (b) an expert investor;
- (c) an institutional investor; or
- (d) a related corporation of the holder.

(4) In this regulation, “specified capital markets products” means capital markets products other than futures contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading and FX OTC derivatives contracts.”.

Amendment of regulation 47E

55. Regulation 47E of the principal Regulations is amended —

- (a) by deleting the words “trade in futures contracts or carry out leveraged foreign exchange trading” in paragraph (1) and substituting the words “deal in capital markets products”;
- (b) by deleting the words “futures trading account or leveraged foreign exchange trading account for a customer” in paragraph (1) and substituting the words “trading account for the purposes of trading in futures contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading or FX OTC derivatives contracts for a retail customer who is not a related corporation of the holder”;
- (c) by deleting the words “prospective customer” wherever they appear in paragraphs (2) and (4) and substituting in

each case the words “prospective retail customer who is not a related corporation of the holder”; and

- (d) by deleting the words “customer’s futures trading account or foreign exchange trading account” in paragraph (2)(a) and (b) and substituting in each case the words “retail customer’s trading account for the purposes of trading in futures contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading or FX OTC derivatives contracts”.

Amendment of regulation 48

56. Regulation 48(1) of the principal Regulations is amended by deleting the words “deal in securities” in sub-paragraphs (a) and (c) and substituting in each case the words “deal in capital markets products”.

Amendment of regulation 51

57. Regulation 51 of the principal Regulations is amended —

- (a) by deleting the words “in any futures contract”; and
- (b) by deleting the words “section 16A” and substituting the words “section 29 or 41”.

Amendment of regulation 54

58. Regulation 54(1) of the principal Regulations is amended —

- (a) by inserting, immediately after the words “of the Act,” the words “Divisions 1, 3 and 4 of”; and
- (b) by deleting the words “39(3), (4) and (5),” and substituting the words “39(1)(e) and (k), (2)(ba), (bb), (bc), (c) and (d), (3), (4) and (5), 40,”.

New regulation 54B

59. The principal Regulations are amended by inserting, immediately after regulation 54A, the following regulation:

“Exempt persons dealing in non-centrally cleared derivatives contracts on behalf of accredited investors, expert investors or institutional investors

54B.—(1) A person exempted from holding a capital markets services licence under section 99(1)(a), (b) or (c) of the Act who deals in non-centrally cleared derivatives contracts with accredited investors, expert investors or institutional investors must implement policies and procedures to ensure the following:

- (a) that written trading relationship documentation is signed with each counterparty before, or at the time when, the person enters into a non-centrally cleared derivatives contract, except where —
 - (i) that derivatives contract is the only transaction between the exempt person and that counterparty; and
 - (ii) the person provides a written trade confirmation of the material rights and obligations of the exempt person and that counterparty under that derivatives contract;
- (b) that a written trade confirmation of the material terms of each non-centrally cleared derivatives contract is provided to each counterparty, as soon as practicable after the execution of each non-centrally cleared derivatives contract;
- (c) that the person’s records of the material terms and valuations of each non-centrally cleared derivatives contract in its portfolio are reconciled, at regular intervals, with each counterparty’s records of such material terms and valuations;
- (d) that the necessity of portfolio compression in relation to the person’s portfolio of non-centrally cleared derivatives contracts is assessed at regular intervals; and

(e) that, in the case of any dispute arising from any discrepancy between the person's records of the material terms or valuations of any non-centrally cleared derivatives contract in its portfolio with a counterparty's records of such material terms and valuations, agreement is sought with that counterparty on a dispute resolution mechanism to resolve that dispute.

(2) In this regulation —

“non-centrally cleared derivatives contract” means an OTC derivatives contract that —

(a) is not, and is not intended to be, cleared or settled by a person operating a clearing facility through which parties to the contract substitute, through novation or otherwise, the credit of the person operating the clearing facility for the credit of the parties; and

(b) is booked in Singapore;

“portfolio compression” means a process —

(a) that is applied to a portfolio of derivatives contracts;

(b) under which some or all of the derivatives contracts in the portfolio are —

(i) modified to reduce their notional amount;
or

(ii) terminated and replaced with one or more new derivatives contracts which have the effect of reducing notional exposures between the participants; and

(c) that is conducted for the purposes of reducing counterparty risk or operational risk for the participants.”.

Deletion and substitution of regulation 55

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

“Offences

55. Any person who contravenes any of the following provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000:

- (a) regulation 4(1), (2) or (3), 5(1), (2) or (3), 7(2A), 11(2), (3) or (4), 11A(2) or (3), 13, 13B, 13D(4) or (5), 13E, 14(4), (4A) or (6), 16(1), (2), (3) or (5), 17(1), (3), (4) or (5), 18(1) or (2), 18A, 20(2), 20A, 21(1) or (2), 22(2), 26(1), (2) or (5), 27(1), 27A, 28, 29, 31, 32, 33(2), (4) or (5), 34, 34A, 35(1) or (2), 37(1), (2), (3), (4), (5) or (6), 38(1), 39(1), (2) or (3), 40(1), (1B), (2) or (3), 41, 43(1) or (2), 45(1), (3), (4), (5), (6) or (7), 46(1) or (8), 46AC(1) or (2), 46AD(1), 47, 47BA, 47DA(1) or (2) or 48(1);
- (b) paragraphs 3(4)(c), (d), (e)(ii) or (f), 3A(4)(c), (d), (e)(ii) or (f) or (5), 5(7A), (7G), (7I) or (7J) or 7(6) of the Second Schedule;
- (c) a direction issued by the Authority under regulation 51 or paragraph 5(7H) of the Second Schedule.”.

Deletion and substitution of Part VII

61. Part VII of the principal Regulations is deleted and the following Part substituted therefor:

“PART VII

EXEMPTIONS

Definitions of this Part

- 56.** In this Part, except where the context otherwise requires —
- “bank” means a bank licensed under the Banking Act;

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- “finance company” means a finance company licensed under the Finance Companies Act;
- “merchant bank” means a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act;
- “specified contract” means a specified FX contract or a specified OTC derivatives contract;
- “specified foreign exchange contract” or “specified FX contract” means any of the following:
- (a) a foreign exchange OTC derivatives contract that is arranged by any bank or merchant bank;
 - (b) a spot foreign exchange contract for the purposes of leveraged foreign exchange trading that is arranged by any bank or merchant bank;
- “specified OTC derivatives contract” means an OTC derivatives contract that —
- (a) is not a securities based derivatives contract; and
 - (b) is not a foreign exchange OTC derivatives contract.

Exemption from section 82(1) of Act for corporations previously carrying on business in dealing in specified OTC derivatives contracts

57.—(1) A corporation which, immediately before 8 October 2018, was carrying on business in dealing in specified OTC derivatives contracts is exempt from section 82(1) of the Act in respect of any business in the regulated activity of dealing in capital markets products that are specified OTC derivatives contracts until 8 October 2020, unless another date applies under paragraph (2), (3) or (4).

(2) If a corporation mentioned in paragraph (1) —

- (a) is, on 8 October 2018, a corporation that does not hold a capital markets services licence; and

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- (b) applies to the Authority under section 86(1) of the Act before 8 October 2020 for a capital markets services licence to carry on business in the regulated activity of dealing in capital markets products,

the corporation is exempt under paragraph (1) until the earlier of the following dates:

- (c) the date on which the Authority grants the corporation a capital markets services licence;
- (d) the date on which the Authority refuses to grant the corporation a capital markets services licence;
- (e) the date on which the corporation withdraws its application for a capital markets services licence.

(3) If a corporation mentioned in paragraph (1) —

- (a) holds, on 8 October 2018, a capital markets services licence that does not relate to the regulated activity of dealing in capital markets products; and
- (b) applies to the Authority under section 90(1) of the Act before 8 October 2020 to vary its capital markets services licence by adding the regulated activity of dealing in capital markets products,

the corporation is exempt under paragraph (1) until the earlier of the following dates:

- (c) the date on which the Authority varies the corporation's capital markets services licence;
- (d) the date on which the Authority refuses to vary the corporation's capital markets services licence;
- (e) the date on which the corporation withdraws its application to vary its capital markets services licence.

(4) If a corporation mentioned in paragraph (1) —

- (a) holds, on 8 October 2018, a capital markets services licence to carry on business in dealing in capital markets products that is subject to a condition or

restriction imposed by the Authority under section 88(1A) of the Act restricting the holder to carrying on business in dealing in capital markets products other than OTC derivatives contracts; and

- (b) requests the Authority before 8 October 2020 to vary the condition or restriction mentioned in sub-paragraph (a), such that the holder is not restricted from carrying on business in dealing in capital markets products that are OTC derivatives contracts,

the corporation is exempt under paragraph (1) until the earlier of the following dates:

- (c) the date on which the Authority varies that condition or restriction;
- (d) the date on which the Authority refuses to vary that condition or restriction;
- (e) the date on which the person withdraws its request to vary that condition or restriction.

Exemptions from Act for persons previously holding financial adviser's licence for marketing of any collective investment scheme and their representatives

58.—(1) A person who, immediately before 8 October 2018, was a holder of a financial adviser's licence for marketing of any collective investment scheme under section 13(1) of the Financial Advisers Act is, subject to the condition under paragraph (3), exempt from section 82(1) of the Act in respect of any business in dealing in capital markets products that are units in any collective investment scheme until 8 April 2019, unless another date applies under paragraph (2).

(2) If a person mentioned in paragraph (1) applies to the Authority under section 86(1) of the Act before 8 April 2019 for a capital markets services licence to carry on business in dealing in capital markets products, the person is exempt under paragraph (1) until the earlier of the following dates:

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- (a) the date on which the Authority grants the person a capital markets services licence;
 - (b) the date on which the Authority refuses to grant the person a capital markets services licence;
 - (c) the date on which the person withdraws its application for a capital markets services licence.

(3) The condition mentioned in paragraph (1) is that the person must deposit all moneys or property received on account of its customers, in respect of its business in dealing in capital markets products that are units in any collective investment scheme, with any of the following persons, no later than the business day immediately following the day on which the person or any of its representatives receives such money or property:

- (a) the manager of the collective investment scheme, the trustee of the collective investment scheme or any person who is authorised by the manager or the trustee of the collective investment trust to receive the customer's money or property on its behalf;
- (b) a holder of a capital markets services licence under the Act to provide custodial services which is authorised by the customer to receive the customer's money or property;
- (c) a person who is exempted under the Act from holding a capital markets services licence to provide custodial services which is authorised by the customer to receive the customer's money or property.

(4) An appointed or provisional representative who was, immediately before 8 October 2018, a representative of a holder of a financial adviser's licence for marketing of any collective investment scheme under section 13(1) of the Financial Advisers Act, or of a person exempt from holding a financial adviser's licence for marketing of any collective investment scheme under section 23(1) of the Financial Advisers Act, is, on or before 31 December 2018, exempt from section 99K(2) of the Act in relation to the retention of his

name, in the public register of representatives, as an appointed or provisional representative in respect of dealing in capital markets products that are in a collective investment scheme.

Exemption from Act for persons previously acting as representatives

59.—(1) An individual who, immediately before 8 October 2018, was acting as a representative of a corporation that was carrying on business in dealing in specified OTC derivatives contracts is exempt from section 99B(1) of the Act when acting as a representative in respect of dealing in capital markets products that are specified OTC derivatives contracts until 8 October 2020, unless another date applies under paragraph (3), (4) or (5).

(2) An individual who, immediately before 8 October 2018, was acting as a representative of a bank or merchant bank that was carrying on business in dealing in specified FX contracts is, exempt from section 99B(1) of the Act when acting as a representative in respect of dealing in capital markets products that are specified FX contracts until 8 October 2020, unless another date applies under paragraph (3), (4) or (6).

(3) If an individual mentioned in paragraph (1) or (2) —

- (a) is not, on 8 October 2018, an appointed representative in respect of any type of regulated activity; and
- (b) is the subject of a notice of intent lodged with the Authority under section 99H(1)(a) of the Act before 8 October 2020 to appoint the individual as an appointed representative in respect of the regulated activity of dealing in capital markets products,

the individual is exempt under paragraph (1) or (2) (as the case may be) until the earlier of the following dates:

- (c) the date on which the Authority enters the name of the individual in the public register of representatives;

- (d) the date on which the Authority refuses to enter the name of the individual in the public register of representatives;
- (e) the date on which the notice of intent to appoint the individual as an appointed representative is withdrawn.

(4) If an individual mentioned in paragraph (1) or (2) —

- (a) is, on 8 October 2018, an appointed representative in respect of any type of regulated activity other than the regulated activity of dealing in capital markets products; and
- (b) is the subject of a notice of intent lodged with the Authority under section 99L(1) of the Act before 8 October 2020 to appoint the individual as an appointed representative in respect of the regulated activity of dealing in capital markets products,

the individual is exempt under paragraph (1) or (2) (as the case may be) until the earlier of the following dates:

- (c) the date on which the Authority enters the additional type of regulated activity that the individual may carry out in the public register of representatives;
- (d) the date on which the Authority refuses to enter the additional type of regulated activity in the public register of representatives;
- (e) the date on which the notice of intent to appoint the individual as an appointed representative in respect of the regulated activity of dealing in capital markets products is withdrawn.

(5) If an individual mentioned in paragraph (1) —

- (a) is, on 8 October 2018, an appointed representative in respect of the regulated activity of dealing in capital markets products whose entry in the public register of representatives does not indicate that he is appointed

in respect of dealing in capital markets products that are OTC derivatives contracts; and

- (b) is the subject of a notice in Form 6 lodged with the Authority before 8 October 2020 to add “OTC derivatives contracts” as a type of capital markets products in respect of which the individual performs the regulated activity of dealing in capital markets products in the records kept by the Authority under section 99C(1) of the Act,

the individual is exempt under paragraph (1) until the earlier of the following dates:

- (c) the date on which the Authority enters “OTC derivatives contracts” as an additional type of capital markets products against the individual’s name in the public register of representatives;
- (d) the date on which the Authority refuses to enter “OTC derivatives contracts” as an additional type of capital markets products against the individual’s name in the public register of representatives;
- (e) the date on which the notice to add “OTC derivatives contracts” as an additional type of capital markets products in respect of which the individual performs the regulated activity of dealing in capital markets products in the records kept by the Authority under section 99C(1) of the Act is withdrawn.
- (6) If an individual mentioned in paragraph (2) —
- (a) is, on 8 October 2018, an appointed representative in respect of the regulated activity of dealing in capital markets products whose entry in the public register of representatives does not indicate that he is appointed in respect of dealing in capital markets products that are OTC derivatives contracts or spot foreign exchange contracts for the purposes of leveraged foreign exchange trading; and

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- (b) is the subject of a notice in Form 6 lodged with the Authority before 8 October 2020 to add “OTC derivatives contracts” or “spot foreign exchange contracts for the purposes of leveraged foreign exchange trading” as types of capital markets products in respect of which the individual performs the regulated activity of dealing in capital markets products in the records kept by the Authority under section 99C(1) of the Act,

the individual is exempt under paragraph (2) until the earlier of the following dates:

- (c) the date on which the Authority enters “OTC derivatives contracts” or “spot foreign exchange contracts for the purposes of leveraged foreign exchange trading” as an additional type of capital markets products against the individual’s name in the public register of representatives;
- (d) the date on which the Authority refuses to enter “OTC derivatives contracts” or “spot foreign exchange contracts for the purposes of leveraged foreign exchange trading” as an additional type of capital markets products against the individual’s name in the public register of representatives;
- (e) the date on which the notice to add “OTC derivatives contracts” or “spot foreign exchange contracts for the purposes of leveraged foreign exchange trading” as an additional type of capital markets products in respect of which the individual performs the regulated activity of dealing in capital markets products in the records kept by the Authority under section 99C(1) of the Act is withdrawn.

(7) A principal of an individual exempt under paragraph (1) is exempt from section 99B(3) of the Act in respect of permitting that individual to carry on business in dealing in capital markets products that are specified OTC derivatives contracts on behalf of that principal.

(8) A principal of an individual exempt under paragraph (2) is exempt from section 99B(3) of the Act in respect of permitting that individual to carry on business in dealing in capital markets products that are specified FX contracts on behalf of that principal.

Exemptions for exempt persons previously carrying on business in dealing in specified contracts

60.—(1) A person mentioned in section 99(1)(a) or (b) of the Act who was, immediately before 8 October 2018, carrying on business in dealing in specified contracts is exempt from the application of regulation 54(1), in respect of any business in dealing in capital markets products that are specified contracts, until 8 October 2020.

(2) A person mentioned in section 99(1)(c) of the Act who was, immediately before 8 October 2018, carrying on business in dealing in specified OTC derivatives contracts is exempt from the application of regulation 54(1), in respect of any business in the regulated activity of dealing in capital markets products that are specified OTC derivatives contracts, until 8 October 2020.

Exemptions for holders of capital markets services licence in respect of business in dealing in capital markets products that are specified OTC derivatives contracts, and representatives of such holders

61.—(1) A holder of a capital markets services licence to carry on business in dealing in capital markets products that are specified OTC derivatives contracts who was, immediately before 8 October 2018, carrying on business in dealing in specified OTC derivatives contracts is exempt from Division 2 of Part V of the Act and Parts III and IV of these Regulations in respect of any business in dealing in capital markets products that are specified OTC derivatives contracts, until 8 October 2020.

(2) An appointed representative of a holder of a capital markets services licence mentioned in paragraph (1) is exempt from regulations 46, 46AD and 47(1) and (2) in respect of any

business in dealing in capital markets products that are specified OTC derivatives contracts, until 8 October 2020.

Exemption for holders of capital markets services licence, and representatives of such holders in respect of regulated activity other than dealing in capital markets products that are specified OTC derivatives contracts

62. A person who was, immediately before 8 October 2018, a holder of a capital markets services licence is, in respect of any business in any regulated activity other than dealing in capital markets products that are specified OTC derivatives contracts, exempt —

- (a) from regulations 21(2), 35(2) and 47BA, until 8 October 2019;
- (b) from regulations 16(3), until 8 April 2020; and
- (c) from regulations 16(1)(b)(ii)(B)(BB) and (ba)(i)(B)(BB) and (5), 17(3), (4) and (5), 18(2), 18A, 20A, 26(1)(a)(i)(B)(BB) and (5), 27A, 34(2), 34A, 39(1)(da), (e)(v), (vi) and (k) and (2)(ba), (bb) and (bc), 40(1B) and 47DA, until 8 October 2020.

Exemption for exempt persons in respect of regulated activity other than dealing in capital markets products that are specified contracts

63. Despite regulation 54(1), a person mentioned in section 99(1)(a) or (b) of the Act is, in respect of any business in any regulated activity other than dealing in capital markets products that are specified contracts, exempt —

- (a) from regulation 35(2) and 47BA, until 8 October 2019; and
- (b) from regulations 26(1)(a)(i)(B)(BB) and (5), 27A, 34(2), 34A, 39(1)(da), (e)(v), (vi) and (k) and (2)(ba), (bb) and (bc), 40(1B), 47DA and 54B, until 8 October 2020.

Exemption for exempt persons under section 99(1)(c) of Act in respect of regulated activity other than dealing in capital markets products that are specified OTC derivatives contracts

64. Despite regulation 54(1), a person mentioned in section 99(1)(c) of the Act is, in respect of any business any regulated activity other than dealing in capital markets products that are specified OTC derivatives contracts, exempt —

- (a) from regulation 47BA, until 8 October 2019; and
- (b) from regulations 26(1)(a)(i)(B)(BB) and (5), 27A, 34(2), 34A, 39(1)(da), (e)(v), (vi) and (k) and (2)(ba), (bb) and (bc), 40(1B), 47DA and 54B, until 8 October 2020.

Exemptions for foreign companies

65.—(1) A foreign company that, immediately before 8 October 2018, was carrying on business in dealing in specified OTC derivatives contracts under an arrangement between the foreign company and a related corporation of the foreign company is exempt from section 82(1) of the Act in respect of carrying on business in dealing in capital markets products that are specified OTC derivatives contracts under that arrangement, if the following conditions are satisfied:

- (a) the related corporation is —
 - (i) a holder of a capital markets services licence; or
 - (ii) a person mentioned in section 99(1)(a), (b) or (c) of the Act;
- (b) the foreign company carries on business in dealing in specified OTC derivatives contracts only with accredited investors, institutional investors or expert investors;
- (c) the foreign company is subject to regulatory oversight by a foreign regulatory authority in the jurisdiction where the foreign company carries on business in dealing in specified OTC derivatives contracts.

(2) A foreign company that, immediately before 8 October 2018, was carrying on business in dealing in specified FX contracts under an arrangement between the foreign company and a related corporation of the foreign company is exempt from section 82(1) of the Act in respect of carrying on business in dealing in capital markets products that are specified FX contracts under that arrangement, if the following conditions are satisfied:

- (a) the related corporation is a person mentioned in section 99(1)(a) or (b) of the Act;
- (b) the foreign company carries on business in dealing in specified FX contracts only with accredited investors, institutional investors or expert investors;
- (c) the foreign company is subject to regulatory oversight by a foreign regulatory authority in the jurisdiction where the foreign company carries on business in dealing in specified FX contracts.

(3) A foreign company that, immediately before 8 October 2018, was carrying on business in dealing in capital markets products that are units in a collective investment scheme under an arrangement between the foreign company and a related corporation of the foreign company that was approved by the Monetary Authority of Singapore under paragraph 11 of the First Schedule to the Financial Advisers Act (Cap. 110) is exempt from section 82(1) of the Act in respect of carrying on business in dealing in capital markets products that are units in a collective investment scheme under that arrangement, if the following conditions are satisfied:

- (a) the related corporation of the foreign company is —
 - (i) a licensed financial adviser under the Financial Advisers Act; or
 - (ii) a person exempt from holding a financial adviser's licence under section 23(1)(a), (b), (c), (d) or (e) of the Financial Advisers Act;

- (b) the foreign company carries on business in dealing in capital markets products that are units in a collective investment scheme only with accredited investors, institutional investors or expert investors;
- (c) the foreign company is subject to regulatory oversight by a foreign regulatory authority in the jurisdiction where the foreign company carries on business in dealing in units in a collective investment scheme.”.

Amendment of Second Schedule

62. The Second Schedule to the principal Regulations is amended —

- (a) by inserting, immediately after the definition of “base capital” in paragraph 1, the following definition:

““block futures contract” means a futures contract which is —

- (a) privately negotiated between 2 parties in accordance with the business rules or practices of an organised market; and
- (b) entered into between those 2 parties in accordance with the business rules or practices of that organised market;”;

- (b) by deleting the word “securities” in paragraph (a) of the definition of “designated market-maker” in paragraph 1 and substituting the word “products”;

- (c) by deleting the definition of “designated securities” in paragraph 1 and substituting the following definition:

““designated products” means —

- (a) exchange traded fund interests; or
- (b) structured warrants,

which have received approval in-principle for listing and quotation on, or are listed for quotation on, the Singapore Exchange Securities Trading Limited;”;

- (d) by deleting the words “which constituent assets principally comprise securities listed for quotation on any securities exchange or overseas securities exchange;” in the

definition of “exchange traded fund interest” in paragraph 1;

- (e) by deleting the words “securities exchange” in paragraph (a) of the definition of “exchange traded fund interest” in paragraph 1 and substituting the words “approved exchange”;
- (f) by deleting the definition of “investment company” in paragraph 1;
- (g) by deleting the word “securities” in paragraphs (a) and (b) of the definition of “market-maker” in paragraph 1 and substituting in each case the word “products”;
- (h) by deleting the words “a futures exchange” in the definition of “order-filler” in paragraph 1 and substituting the words “an approved exchange”;
- (i) by deleting the words “that futures exchange” wherever they appear in the definition of “order-filler” in paragraph 1 and substituting in each case the words “that approved exchange”;
- (j) by inserting, immediately after the definition of “qualified arrangement” in paragraph 1, the following definition:

““qualified investor” means —

(a) an accredited investor, other than —

- (i) one who is a participant in a collective investment scheme mentioned in paragraph (b);
- (ii) one who is a holder of a unit in a closed-end fund or in an arrangement mentioned in paragraph (aa) of the definition of “closed-end fund” in section 2(1) of the Act as mentioned in paragraph (c);
- (iii) one which is a corporation mentioned in section 4A(1)(a)(ii) of the Act or an entity mentioned in regulation 3(c) of the Securities and Futures (Classes of

Investors) Regulations 2018 (G.N. No. S 665/2018) —

- (A) which is related to or controlled by a person exempted from the requirement to hold a capital markets services licence to carry on business in fund management under paragraph 5(1)(i), or a key officer or substantial shareholder of such person; and
 - (B) the shares or debentures of which are, after 28 May 2008, the subject of an offer or invitation for subscription or purchase made to any person who is not an accredited investor; or
- (iv) a corporation or an entity which is a collective investment scheme or a closed-end fund the units of which are, after 28 May 2008, the subject of an offer or invitation made to any person who is not an accredited investor;
- (b) a collective investment scheme the units of which are the subject of an offer or invitation for subscription or purchase made —
- (i) in Singapore only to accredited investors, to institutional investors, or to both accredited investors and institutional investors; or
 - (ii) elsewhere if, after 28 May 2008, such offer or invitation is made only to accredited investors (or investors in an equivalent class under the laws of the country or territory in which the offer or invitation is made), to institutional investors, or to both accredited investors and institutional investors;
- (c) a closed-end fund or an arrangement mentioned in paragraph (aa) of the definition of “closed-end fund” in section 2(1) of the Act, the units of which are the subject of an offer or

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- invitation for subscription or purchase made only to accredited investors (or investors in an equivalent class under the laws of the country or territory in which the offer or invitation is made), to institutional investors, or to both accredited investors and institutional investors;
- (d) an institutional investor, other than a collective investment scheme; or
- (e) a limited partnership, where the limited partners comprise solely of accredited investors (or investors in an equivalent class under the laws of the country or territory in which the partnership is formed), of institutional investors, or of both accredited investors and institutional investors;”;
- (k) by deleting the words “a securities market of a securities exchange” in the definition of “quote” in paragraph 1 and substituting the words “an approved exchange”;
- (l) by deleting the words “exchange issued securities” wherever they appear in the definition of “quote” in paragraph 1 and substituting in each case the words “exchange issued specified products”;
- (m) by deleting the words “that securities market” in the definition of “quote” in paragraph 1 and substituting the words “an organised market of that approved exchange”;
- (n) by deleting the words “of securities” in the definition of “securities borrowing and lending facility” in paragraph 1 and substituting the words “of specified products”;
- (o) by inserting, immediately after the definition of “special purpose corporation” in paragraph 1, the following definition:
- ““specified exchange-traded derivatives contract” means an exchange-traded derivatives contract that is not a futures contract;”;
- (p) by deleting the definitions of “structured warrant” and “underlying financial instrument” in paragraph 1 and substituting the following definition:

“structured warrant” means a derivatives contract issued by a financial institution —

(a) of which the underlying thing —

(i) is not the credit of that financial institution; and

(ii) is not a financial instrument issued by that financial institution; and

(b) which gives the holder of the derivatives contract —

(i) the right to purchase the underlying thing from the financial institution;

(ii) the right to sell the underlying thing to the financial institution; or

(iii) the right to receive from the financial institution a cash payment calculated by reference to fluctuations in the value or price of the underlying thing.”;

(q) by deleting the sub-heading “*Dealing in Securities*” immediately above paragraph 2;

(r) by deleting the word “securities” in the heading to paragraph 2 and substituting the words “capital markets products that are securities, units in a collective investment scheme or specified exchange-traded derivatives contracts”;

(s) by deleting the words “dealing in securities” in paragraph 2 and substituting the words “dealing in capital markets products that are securities, units in a collective investment scheme or specified exchange-traded derivatives contracts”;

(t) by deleting the words “dealing in securities” wherever they appear in paragraph 2(a), (b) and (d) and substituting in each case the words “dealing in capital markets products that are securities, units in a collective investment scheme or specified exchange-traded derivatives contracts”;

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- (u) by deleting the words “deal in securities” in paragraph 2(a)(i) and (f)(ii)(A) and substituting in each case the words “deal in capital markets products that are securities, units in a collective investment scheme or specified exchange-traded derivatives contracts”;
 - (v) by deleting the words “securities that are not quoted on a securities exchange” in paragraph 2(a)(iv) and (v) and substituting in each case the words “securities, units in a collective investment scheme or specified exchange-traded derivatives contracts that are not quoted on an approved exchange”;
 - (w) by deleting the words “securities” in paragraph 2(a)(vi) and (d)(ii) and substituting in each case the words “specified products”;
 - (x) by deleting sub-paragraphs (ii) and (iii) of paragraph 2(b) and substituting the following sub-paragraphs:
 - “(ii) providing custodial services; or
 - (iii) product financing;”;
 - (y) by deleting sub-paragraph (c) of paragraph 2;
 - (z) by inserting, immediately after the word “securities” in paragraph 2(d)(i), the words “, units in a collective investment scheme or specified exchange-traded derivatives contracts”;
 - (za) by inserting, immediately after the word “investor” in paragraph 2(e)(i), the words “, expert investor or institutional investor”;
 - (zb) by inserting, immediately after the word “securities” in paragraph 2(f), the words “, units in a collective investment scheme or specified exchange-traded derivatives contracts”;
 - (zc) by inserting, immediately after the word “securities” in paragraph 2(f)(i), the words “, units in a collective investment scheme or specified exchange-traded derivatives contracts”;

(zd) by deleting sub-paragraphs (E), (F) and (G) of paragraph 2(f)(ii) and substituting the following sub-paragraphs:

“(E) an approved exchange;

(F) an approved holding company;

(G) an approved clearing house;”;

(ze) by deleting sub-paragraph (h) of paragraph 2 and substituting the following sub-paragraph:

“(h) a trustee of a qualified arrangement in respect of capital markets products that are securities, units in a collective investment scheme or specified exchange-traded derivative contracts, whose dealing in such capital markets products is solely incidental to the management and administration of such arrangement;”;

(zf) by deleting the words “designated securities” in paragraph (2)(i) and substituting the words “capital markets products that are designated products”;

(zg) by deleting sub-paragraph (j) of paragraph 2 and substituting the following sub-paragraph:

“(j) a financial adviser licensed under the Financial Advisers Act, or a person who is exempted under section 23 or 100 of that Act from holding a financial adviser’s licence, when dealing in capital markets products that are specified products other than OTC derivatives contracts by passing on an order to purchase or sell any specified product (other than an OTC derivatives contract) on behalf of a customer to whom the financial adviser or the person provides a financial advisory service mentioned in paragraph 1 or 2 of the Second Schedule to that Act (whether or not the customer relies on the advice given as part of the financial advisory service) to —

(i) a holder of a capital markets services licence for dealing in capital markets products that are specified products other than OTC derivatives contracts; or

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- (ii) a person exempted under section 99(1)(a) or (b) of the Act, who carries on business in dealing in capital markets products that are specified products other than OTC derivatives contracts;”;
 - (zh) by deleting the word “is” in paragraph 2(k)(iii) and substituting the word “are”;
 - (zi) by deleting the words “dealing in securities” in paragraph 2(k) and substituting the words “dealing in capital markets products”;
 - (zj) by deleting the words “underlying securities” in paragraph 2(k)(A) and substituting the words “underlying capital markets products”;
 - (zk) by deleting sub-paragraphs (BA) to (BD) of paragraph 2(k)(B) and substituting the following sub-paragraphs:
 - “(BA) the holder of a capital markets services licence to deal in capital markets products that are securities, units in a collective investment scheme or specified exchange-traded derivatives contracts;
 - (BB) an exempt person in respect of dealing in capital markets products that are units of any collective investment scheme;”;
 - (zl) by inserting, immediately after sub-paragraph (k) of paragraph 2, the following sub-paragraphs:
 - “(l) a person carrying on business in dealing in capital markets products that are units in a collective investment scheme for a customer who is —
 - (i) an institutional investor;
 - (ii) a related corporation of the person; or
 - (iii) a connected person of the person;
 - (m) a corporation that carries on business in fund management, when dealing in capital markets products that are units of a collective investment

scheme that is managed by the corporation or any of its related corporations;

- (n) a person carrying on business in dealing in capital markets products that are units in a collective investment scheme —
 - (i) the property of which does not include any capital markets products; and
 - (ii) all of the participants of which are qualified investors.”;

(zm) by renumbering paragraph 2 as sub-paragraph (1) of that paragraph, and by inserting immediately thereafter the following sub-paragraph:

“(2) A person who is exempted under sub-paragraph (1)(j) must —

- (a) comply with regulations 39(3), 44, 46, 46A and 47 as if the person were a holder of a capital markets services licence;
- (b) before passing on any order on behalf of a customer —
 - (i) provide a written disclosure to the customer on the potential risks associated with the purchase or sale of the specified product;
 - (ii) obtain the customer’s written acknowledgment of the written disclosure; and
 - (iii) maintain a record of the written acknowledgment received from the customer in the English language;
- (c) where the person is licensed as a financial adviser under the Financial Advisers Act, or exempt from holding a financial adviser’s licence under section 23(1)(f) of that Act, and the person receives any customer’s money or property other than for services rendered by the person, hand over such money or property to —
 - (i) (where the specified products are units in a collective investment scheme) the manager or trustee of the collective investment scheme or any person who is authorised by the manager or

the trustee of the collective investment scheme to receive client's money or property on the manager's or trustee's behalf;

- (ii) a holder of a capital markets services licence to provide custodial services who is authorised by the customer to receive the customer's money or property; or
- (iii) a person exempt under paragraph 6 of this Schedule from holding a capital markets services licence for providing custodial services who is authorised by the customer to receive the customer's money or property,

no later than the business day immediately following the day on which the person receives the money or property, or (with the customer's prior written consent) any later day; and

- (d) where the person is licensed as a financial adviser under the Financial Advisers Act, or exempt from holding a financial adviser's licence under section 23(1)(f) of that Act, not receive money in the form of cash or any cheque made payable to a person other than a person mentioned in sub-paragraph (c)(i), (ii) or (iii), except where the money is paid for services rendered by the person or the person's representative.”;

- (zn) by deleting the sub-heading “*Trading in futures contracts*” immediately above paragraph 3;
- (zo) by deleting the words “trading in futures contracts” wherever they appear in paragraph 3 and substituting in each case the words “dealing in capital markets products that are futures contracts”;
- (zp) by deleting the words “trade in futures contracts” in paragraph 3(c)(i) and in the heading of paragraph 3 and substituting in each case the words “deal in capital markets products that are futures contracts”;
- (zq) by deleting the full-stop at the end of sub-paragraph (c) of paragraph 3 and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraphs:

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- “(d) a corporation which —
- (i) has a place of business in Singapore (whether or not the corporation is formed, incorporated or existing in Singapore);
 - (ii) carries on business in Singapore in dealing in capital markets products that are block futures contracts with accredited investors, expert investors, or institutional investors;
 - (iii) does not carry any customer’s positions, margin or account in its books;
 - (iv) does not accept money or assets from any customer as settlement of, margin for, as a guarantee for, or as security for, any block futures contract;
 - (v) is not, whether as principal or agent, a party to any block futures contract;
 - (vi) does not have the right to enter an order on any approved exchange or recognised market operator;
 - (vii) does not have the right to clear or settle a trade on any approved clearing house or recognised clearing house;
 - (viii) is a fit and proper person to carry on business in dealing in capital markets products that are block futures contracts;
 - (ix) all the representatives of whom are fit and proper persons to carry on business in dealing in capital markets products that are block futures contracts; and
 - (x) is not a holder of a capital markets services licence;
- (e) a corporation exempted under section 7(6) or (7) of the Act from the requirement under section 7(1) of the Act to be an approved exchange or a recognised market operator, whose dealing in capital markets products that are futures contracts is solely incidental to its operation of an organised market.”;

(*zr*) by renumbering paragraph 3 as sub-paragraph (1) of that paragraph, and by inserting immediately thereafter the following sub-paragraphs:

“(2) An individual otherwise exempted under sub-paragraph (1)(*a*), (*b*) or (*c*), is not exempted or ceases to be exempted if the individual —

- (*a*) is or becomes a representative or employee of the holder of a capital markets services licence to deal in capital markets products that are futures contracts;
- (*b*) is or becomes an undischarged bankrupt whether in Singapore or elsewhere; or
- (*c*) has been convicted of, or is convicted of, a relevant offence.

(3) A corporation otherwise exempted under sub-paragraph (1)(*d*) is not exempted or ceases to be exempted if —

- (*a*) the corporation ceases to meet the conditions specified in sub-paragraph (1)(*d*);
- (*b*) the corporation or its substantial shareholder is in the course of being wound up or otherwise dissolved, whether in Singapore or elsewhere;
- (*c*) execution against the corporation or its substantial shareholder in respect of a judgment debt has been returned unsatisfied in whole or in part;
- (*d*) a receiver, a receiver and manager, a judicial manager or such other person having the powers and duties of a receiver, receiver and manager or judicial manager, has been appointed whether in Singapore or elsewhere in relation to, or in respect of, any property of the corporation or its substantial shareholder;
- (*e*) the corporation or its substantial shareholder has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with its creditors, being a compromise or scheme of arrangement that is still in operation;
- (*f*) the corporation or its substantial shareholder has been convicted of, or is convicted of, a relevant offence;

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- (g) the corporation is not able to pay its debts in full as they fall due;
 - (h) the value of the corporation's assets are less than the value of the corporation's liabilities (including contingent liabilities);
 - (i) the corporation is granted a capital markets services licence in respect of any regulated activity; or
 - (j) the corporation does not carry on business in dealing in capital markets products that are block futures contracts for a continuous period of 6 months.
- (4) A corporation which is exempted under sub-paragraph (1)(d) must —
- (a) take reasonable measures to verify that its customers, on whose behalf it carries on business in dealing in capital markets products that are block futures contracts, are accredited investors, expert investors or institutional investors;
 - (b) ensure that proper records are kept of any document evidencing the status of its customers;
 - (c) lodge with the Authority —
 - (i) where the corporation commences a business in dealing in capital markets products that are block futures contracts on or after 8 October 2018, a notice of commencement of business in Form 30 not later than 14 days after the commencement of the business;
 - (ii) where immediately before 8 October 2018, the corporation carries on business in dealing in block futures contracts, a notice of commencement of business in Form 30 not later than 8 October 2020;
 - (iii) a notice of change in particulars in Form 31 providing any change in particulars provided in the notice under sub-paragraph (i) or (ii), not later than 14 days after the date of the change;
 - (iv) a notice of cessation of business in Form 32 not later than 14 days after the cessation of its business in dealing in capital markets products that are block futures contracts; and

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- (v) an annual declaration in Form 33 within 14 days after the end of each of its financial years;
 - (d) immediately notify the Authority if —
 - (i) the corporation no longer meets any of the requirements mentioned in sub-paragraph (1)(d);
 - (ii) the corporation is not able to pay its debts in full as they fall due; or
 - (iii) the value of the corporation's assets are less than the value of the corporation's liabilities (including contingent liabilities);
 - (e) in respect of each financial year —
 - (i) prepare a true and fair profit and loss account and a balance-sheet made up to the last day of the financial year; and
 - (ii) lodge with the Authority, within 5 months after the end of the financial year or such later date allowed by the Authority, that account and balance-sheet, together with a certification from its auditor that —
 - (A) the corporation meets the conditions specified in sub-paragraph (1)(d);
 - (B) is able to pay its debts in full as they fall due; and
 - (C) the value of the corporation's assets are not less than the value of the corporation's liabilities (including contingent liabilities);
 - (f) provide the Authority with all information that the Authority may reasonably require concerning the corporation's business of dealing in capital markets products that are block futures contracts; and
 - (g) employ at least 2 persons in Singapore, each of whom has at least 5 years' experience that is relevant to its business of dealing in capital markets products that are block futures contracts.”;
- (zs) by inserting, immediately after paragraph 3, the following paragraph:

“Exemption from requirement to hold capital markets services licence to deal in capital markets products that are OTC derivatives contracts

3A.—(1) The following persons are exempt from the requirement to hold a capital markets services licence to carry on business in dealing in capital markets products that are OTC derivatives contracts, subject to the conditions and restrictions specified:

- (a) a person who carries on business in dealing in capital markets products that are OTC derivatives contracts —
 - (i) for —
 - (A) his own account; or
 - (B) an account belonging to and maintained wholly for the benefit of a related corporation; and
 - (ii) with —
 - (A) a related corporation;
 - (B) a holder of a capital markets services licence to deal in capital markets products that are OTC derivatives contracts;
 - (C) a bank licensed under the Banking Act;
 - (D) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act;
 - (E) a bank licensed, registered, approved or otherwise regulated under the laws of a jurisdiction outside Singapore to conduct banking business; or
 - (F) a corporation or firm licensed or registered to carry on business in dealing in capital markets products that are OTC derivatives contracts under the laws of a jurisdiction outside Singapore; and
 - (iii) in the case of dealing in capital markets products that are OTC derivatives contracts with persons mentioned in sub-paragraph (ii)(B) to (F), does not receive a spread or other

remuneration (including any incentive, benefit or reward, whether monetary or otherwise) in connection with such dealing;

- (b) a person who carries on business in dealing in capital markets products that are OTC derivatives contracts of which the underlying thing is a commodity, with accredited investors, expert investors, or institutional investors only;
- (c) a person whose dealing in capital markets products that are OTC derivatives contracts is solely incidental to his carrying on business in fund management;
- (d) a corporation which —
 - (i) has a place of business in Singapore (whether or not the corporation is formed, incorporated or existing in Singapore);
 - (ii) only carries on business in Singapore in dealing in capital markets products that are OTC derivatives contracts with accredited investors, expert investors, or institutional investors;
 - (iii) does not carry any customer's positions, margin or account in its books;
 - (iv) does not accept money or assets from any customer as settlement of, margin for, as a guarantee for, or as security for, any OTC derivatives contract;
 - (v) is not, whether as principal or agent, a party to any OTC derivatives contract;
 - (vi) does not have the right to enter an order on any approved exchange or recognised market operator;
 - (vii) does not have the right to clear or settle a trade on any approved clearing house or recognised clearing house;
 - (viii) is a fit and proper person to carry on business in dealing in capital markets products that are OTC derivatives contract;
 - (ix) all the representatives of whom are fit and proper persons to carry on business in dealing in

capital markets products that are OTC derivatives contract; and

- (x) is not a holder of a capital markets services licence;
- (e) an approved global trading company which carries on business in dealing in capital markets products that are OTC derivatives contracts of which every underlying thing is a commodity;
- (f) a corporation which —
 - (i) enters any OTC derivatives contract on behalf of a customer as nominee;
 - (ii) has no interest in the OTC derivatives contract other than as a bare trustee; and
 - (iii) is a wholly-owned subsidiary of —
 - (A) a holder of a capital markets services licence to deal in capital markets products that are OTC derivatives contracts;
 - (B) a bank licensed under the Banking Act;
 - (C) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act;
 - (D) a finance company licensed under the Finance Companies Act;
 - (E) an approved exchange;
 - (F) an approved holding company; or
 - (G) an approved clearing house;
- (g) a trustee of a qualified arrangement in respect of OTC derivatives contracts, whose dealing in capital markets products that are OTC derivatives contracts is solely incidental to its management and administration of such arrangement;
- (h) a corporation exempted from section 7(1) of the Act under section 7(6) or (7) of the Act, whose dealing in capital markets products that are OTC derivatives contracts is solely incidental to its operation of an organised market.

(2) An individual otherwise exempted under sub-paragraph (1)(a), (b), (c) or (g) is not, or ceases to be, exempted if the individual —

- (a) is or becomes a representative or employee of the holder of a capital markets services licence to deal in capital markets products that are OTC derivatives contracts;
- (b) is or becomes an undischarged bankrupt whether in Singapore or elsewhere; or
- (c) has been convicted of, or is convicted of, a relevant offence.

(3) A corporation otherwise exempted under sub-paragraph (1)(d) is not, or ceases to be, exempted if —

- (a) the corporation ceases to meet the conditions specified in sub-paragraph (1)(d);
- (b) the corporation or its substantial shareholder is in the course of being wound up or otherwise dissolved, whether in Singapore or elsewhere;
- (c) execution against the corporation or its substantial shareholder in respect of a judgment debt has been returned unsatisfied in whole or in part;
- (d) a receiver, a receiver and manager, a judicial manager or such other person having the powers and duties of a receiver, receiver and manager or judicial manager, has been appointed whether in Singapore or elsewhere in relation to, or in respect of, any property of the corporation or its substantial shareholder;
- (e) the corporation or its substantial shareholder has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with its creditors, being a compromise or scheme of arrangement that is still in operation;
- (f) the corporation or its substantial shareholder has been convicted of, or is convicted of, a relevant offence;
- (g) the corporation is not able to pay its debts in full as they fall due;

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- (h) the value of the corporation's assets is less than the value of the corporation's liabilities (including contingent liabilities);
 - (i) the corporation is granted a capital markets services licence in respect of any regulated activity; or
 - (j) the corporation does not carry on business in dealing in capital markets products that are OTC derivatives contract for a continuous period of 6 months.
- (4) A corporation which is exempted under sub-paragraph (1)(d) must —
- (a) take reasonable measures to verify that its customers, on whose behalf it carries on business in dealing in capital markets products that are OTC derivatives contracts, are accredited investors, expert investors, or institutional investors only;
 - (b) ensure that proper records are kept of any document evidencing the status of its customers;
 - (c) lodge with the Authority —
 - (i) where the corporation commences a business in dealing in capital markets products that are OTC derivatives contracts on or after 8 October 2018, a notice of commencement of business in Form 30 not later than 14 days after the commencement of the business;
 - (ii) where, immediately before 8 October 2018, the corporation carries on business in dealing in OTC derivatives contracts, a notice of commencement of business in Form 30 not later than 8 October 2020;
 - (iii) a notice of change in particulars in Form 31 providing any change in particulars provided in the notice under sub-paragraph (i) or (ii), not later than 14 days after the date of the change;
 - (iv) a notice of cessation of business in Form 32 not later than 14 days after the cessation of its business in dealing in capital markets products that are OTC derivatives contracts;
 - (v) an annual declaration in Form 33 within 14 days after the end of each of its financial years;

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- (d) immediately notify the Authority if —
- (i) the corporation no longer meets any of the requirements mentioned in sub-paragraph (1)(d);
 - (ii) the corporation is not able to pay its debts in full as they fall due; or
 - (iii) the value of the corporation's assets are less than the value of the corporation's liabilities (including contingent liabilities);
- (e) in respect of each financial year —
- (i) prepare a true and fair profit and loss account and a balance-sheet made up to the last day of the financial year; and
 - (ii) lodge with the Authority, within 5 months after the end of the financial year or such later date allowed by the Authority, that account and balance-sheet, together with a certification from its auditor that —
 - (A) the corporation meets the conditions mentioned in sub-paragraph (1)(d);
 - (B) is able to pay its debts in full as they fall due; and
 - (C) the value of the corporation's assets are not less than the value of the corporation's liabilities (including contingent liabilities);
- (f) provide the Authority with all information that the Authority may reasonably require concerning the corporation's business of dealing in capital markets products that are OTC derivatives contracts; and
- (g) employ at least 2 persons in Singapore, each of whom has at least 5 years' experience that is relevant to its business of dealing in capital markets products that are OTC derivatives contracts.
- (5) A corporation which is exempted under sub-paragraph (1)(b) or (e) must provide the Authority with all information that the Authority may reasonably require

concerning the corporation's business of dealing in capital markets products that are OTC derivatives contracts.”;

- (zt) by deleting the sub-heading “*Leveraged Foreign Exchange Trading*” immediately above paragraph 4;
- (zu) by deleting the words “carry out leveraged foreign exchange trading” in paragraph 4(3)(a) and in the heading of paragraph 4 and substituting in each case the words “deal in capital markets products that are spot foreign exchange contracts for the purposes of leveraged foreign exchange trading”;
- (zv) by deleting the words “leveraged foreign exchange trading” wherever they appear in paragraph 4(1) and (2) and substituting in each case the words “dealing in capital markets products that are spot foreign exchange contracts for the purposes of leveraged foreign exchange trading”;
- (zw) by deleting the sub-heading “*Fund Management*” immediately above paragraph 5;
- (zx) by deleting the words “securities, positions in futures contracts, or foreign exchange arising from foreign exchange trading or leveraged foreign exchange trading” in paragraph 5(1)(b) and (c) and substituting in each case the words “capital markets products or spot foreign exchange contracts”;
- (zy) by deleting the words “trade in futures contracts” in paragraph 5(1)(e) and substituting the words “deal in capital markets products that are futures contracts”;
- (zz) by deleting sub-paragraph (i) of paragraph 5(1)(g) and substituting the following sub-paragraph:
 - “(i) who is —
 - (A) licensed under the Financial Advisers Act in respect of the provision of the financial advisory services specified in paragraph 1 of the Second Schedule to the Act;
 - (B) exempted under section 23 of the Financial Advisers Act; or

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- (C) exempted under section 100 of the Financial Advisers Act from section 6 of that Act in respect of the provision of the financial advisory services specified in paragraph 1 of the Second Schedule to that Act; and”;
- (zza) by inserting, immediately after the words “collective investment schemes” in paragraph 5(1)(g)(ii), the words “, whether or not the person relies on the financial adviser’s advice”;
- (zzb) by deleting the words “, all of which are not listed on a securities exchange” in paragraph 5(1)(g)(A);
- (zzc) by deleting sub-paragraph (B) of paragraph 5(1)(g) and substituting the following sub-paragraphs:
- “(B) in carrying on business in fund management for or on behalf of the client, the financial adviser obtains the prior approval of the client in respect of every transaction entered into for or on behalf of the client, other than a transaction for the purpose of periodically rebalancing the units of a client’s portfolio;
- (BA) in carrying on business in fund management for or on behalf of the client and in respect of transactions for the purpose of periodically rebalancing the units of a client’s portfolio, the financial adviser —
- (AA) has provided information to the client in accordance with sub-paragraph (1A);
- (BB) has obtained the written approval of the client to periodically enter into transactions for the purpose of periodically rebalancing the units of the client’s portfolio in accordance with the information

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sub-paragraph (AA);
- (CC) prior to each transaction for the purpose of periodically rebalancing the units of a client's portfolio, notifies the client in writing of the financial adviser's intention to enter into that transaction; and
- (DD) enters only into transactions to which the client's most recent written approval obtained under sub-paragraph (BB) relates;
- (BC) the financial adviser only receives the client's money or property in respect of transactions entered into and services rendered by the financial adviser that have been approved by the client in accordance with sub-paragraph (B) or (BA); and";
- (*zzd*) by inserting, immediately after the words "collective investment scheme" in paragraph 5(1)(g)(C)(CA), the words ", or any person who is authorised by the manager or trustee of the collective investment scheme to receive a customer's money or property on its behalf";
- (*zze*) by deleting the words "for securities" in paragraph 5(1)(g)(C)(CB) and (CC);
- (*zzf*) by deleting the words "the Act" in paragraph 5(1)(g)(C)(CC) and substituting the words "paragraph 6";
- (*zzg*) by deleting the full-stop at the end of sub-paragraph (*i*) of paragraph 5(1) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraphs:
- “(j) a person who carries on business in fund management in Singapore by managing the property of, or operating, a collective investment scheme —

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- (i) the property of which does not include any capital markets products; and
 - (ii) all of the participants of which are qualified investors;
- (k) a person who carries on business in fund management in Singapore by managing the property of, or operating, a collective investment scheme —
- (i) the property of which does not include any capital markets products; and
 - (ii) the units of which are not the subject of any offer or invitation for subscription or purchase on or after 8 October 2018.”;
- (zzh) by inserting, immediately after sub-paragraph (1) of paragraph 5, the following sub-paragraph:
- “(1A) For the purposes of paragraph 5(1)(g)(BA)(AA), the financial adviser has provided information in accordance with this paragraph if —
- (a) the financial adviser has provided to the client the following information at any time before the transaction:
 - (i) the scope of activities to be undertaken by the financial adviser in connection with periodically rebalancing the units of the client’s portfolio;
 - (ii) the fees payable to the financial adviser in connection with periodically rebalancing the units of the client’s portfolio;
 - (iii) the frequency with which the financial adviser will periodically rebalance the units of the client’s portfolio;
 - (iv) the methodology of the financial adviser in periodically rebalancing the units of the client’s portfolio;
 - (v) any other material terms and conditions under which the financial adviser will periodically rebalance the units of the client’s portfolio; and
 - (b) the information provided under sub-paragraph (a) remains correct as at the date of the transaction.”;

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- (zzi) by deleting the words “or (i)” in paragraph 5(2)(a) and substituting the words “, (i) or (j)”;
- (zzj) by deleting sub-paragraph (i) of paragraph 5(2)(c);
- (zzk) by inserting, immediately after the words “closed-end fund” in paragraph 5(3)(a)(ii) and (iv) and (c), the words “, or an arrangement mentioned in paragraph (aa) of the definition of “closed-end fund” in section 2(1) of the Act,”;
- (zzl) by deleting the sub-heading “*Custodial Services for Securities*” immediately above paragraph 6;
- (zzm) by deleting the words “for securities” in paragraph 6(1) and in the heading of paragraph 6;
- (zzn) by deleting the word “securities” in paragraph 6(1)(a) and substituting the words “specified products”;
- (zzo) by deleting the sub-heading “*Advising on Corporate Finance*” immediately above paragraph 7;
- (zzp) by deleting the word “securities” in paragraph 7(1)(a)(i), (b)(i), (c)(i) and (d) and substituting in each case the words “specified products”;
- (zzq) by deleting the words “a securities exchange” in paragraph 7(1)(a)(ii)(B) and (C), (b)(ii)(B) and (C) and (c)(ii)(B) and (C) and substituting in each case the words “an approved exchange”;
- (zzr) by inserting, immediately after the words “accredited investors” wherever they appear in paragraph 7(1)(a)(ii), (b), (c)(ii) and (5)(a), the words “, expert investors or institutional investors”;
- (zzs) by inserting, immediately after the words “accredited investor” wherever they appear in paragraph 7(1)(b)(i) and (ii), the words “, expert investor or institutional investor”;
- (zzt) by deleting the words “or (c)” in paragraph 7(2) and substituting the words “, (c) or (d)”;
- (zzu) by deleting the sub-heading “*Other Exemptions*” immediately above paragraph 8;

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- (zzv) by deleting the words “dealing in securities” wherever they appear in paragraph 8(1) and (4) and substituting in each case the words “dealing in capital markets products that are securities, units in a collective investment scheme or specified exchange-traded derivatives contracts”;
 - (zzw) by deleting the words “a securities exchange or” in paragraph 8(1)(a) and (4)(a) and substituting in each case the words “an approved exchange or a”;
 - (zzx) by deleting the words “trading in futures contract” in paragraph 8(2) and (5) and substituting in each case the words “dealing in capital markets products that are futures contracts”;
 - (zzy) by deleting the words “regulated activities” in paragraph 8(2) and substituting the words “that regulated activity”;
 - (zzz) by deleting the words “leveraged foreign exchange trading” wherever they appear in paragraph 8(3) and (6) and substituting in each case the words “dealing in capital markets products that are spot foreign exchange contracts for the purposes of leveraged foreign exchange trading”;
 - (zzza) by deleting the words “securities, trading in futures contract or leveraged foreign exchange trading” in paragraph 8(7)(a) and (b) and substituting in each case the words “capital markets products”;
 - (zzzb) by deleting the words “securities financing” in paragraph 8(8) and substituting the words “product financing”;
 - (zzzc) by deleting the words “for securities” in paragraph 8(8); and
 - (zzzd) by deleting the words “exchange holding company” wherever they appear in paragraph 9 (including the paragraph heading) and substituting in each case the words “approved holding company”.

Amendment of Third Schedule

63. The Third Schedule to the principal Regulations is amended —

(a) by deleting item 2 and substituting the following items:

“2. Section 85(1)	Annual licence fee for capital markets services licence in respect of —	Amount derived from the formulae set out below, where “N” is	(a) Where the holder has no GIRO arrangement with the Authority, in the manner specified by the Authority, by the date specified in the fee advice.
	(a) dealing in capital markets products that are securities —	(a) where the total number of appointed representatives, provisional representatives and temporary representatives who act for the holder and whose names are (on 1 January of the year for which the licence fee is paid) on the public register of representatives is more than 100, that number less 100; or	(b) Where the holder has a GIRO arrangement with the Authority, by GIRO by the date specified by the Authority in the fee advice.
	(i) where the holder is a member of the Singapore Exchange Securities Trading Limited; or	(b) where the holder has 100 or fewer appointed representatives, provisional representatives and temporary representative on 1 January of the year for which the licence fee is paid, 0.	
	(ii) where the holder is any other person;	$\$8,000 + (N \times \$5)$	
	(b) dealing in capital markets products that are units in a collective investment scheme;	$\$4,000 + (N \times \$5)$	
	(c) dealing in capital markets products that are exchange traded derivatives contracts;	$\$2,000 + (N \times \$5)$	
	(d) dealing in capital markets products that are OTC derivatives contracts;	$\$2,000 + (N \times \$5)$	

	(e) dealing in capital markets products that are spot foreign exchange contracts for the purposes of leveraged foreign exchange trading;	\$2,000 + (N × \$5)	
	(f) fund management;	\$4,000 + (N × \$5)	
	(g) advising on corporate finance;	\$4,000 + (N × \$5)	
	(h) product financing;	\$2,000 + (N × \$5)	
	(i) providing custodial services;	\$2,000 + (N × \$5)	
	(j) real estate investment trust management; and	\$4,000 + (N × \$5)	
	(k) providing credit rating services.	\$4,000 + (N × \$5)	
2A. Section 99A(1)	Annual fee payable by an exempt person.	N × \$5, where “N” is —	(a) Where the exempt person has no GIRO arrangement with the Authority, in the manner specified by the Authority, by the date specified in the fee advice.
		(a) where the total number of appointed representatives, provisional representatives and temporary representatives who act for the exempt person and whose names are (on 1 January of the year for which the licence fee is paid) on the public register of representatives is more than 100, that number less 100; or	(b) Where the exempt person has a GIRO arrangement with the Authority, by GIRO by the date specified by the Authority in the fee advice.”;
		(b) where the exempt person has 100 or fewer appointed representatives, provisional representatives and temporary representative on 1 January of the year for which the licence fee is paid, 0.	

(b) by deleting “\$100” in the third column of item 4 and substituting “\$200”;

(c) by deleting the words “the register #” in the second column of item 5 and substituting the words “the register”;

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- (d) by deleting the word “securities” in sub-paragraph (a) in the second column of item 5 and substituting the words “capital markets products”;
- (e) by deleting sub-paragraphs (d) and (e) in the second column of item 5;
- (f) by deleting the words “dealing in securities” in paragraph (a) of the definition of “Y” in the third column of item 5 and substituting the words “dealing in capital markets products that are securities”;
- (g) by deleting sub-paragraphs (i) to (vii) of paragraph (b) of the definition of “Y” in the third column of item 5 and substituting the following sub-paragraphs:
- “(i) dealing in capital markets products that are securities on behalf of a principal who is any other person;
 - (ii) fund management;
 - (iii) advising on corporate finance;
 - (iv) real estate investment trust management;
 - (v) providing credit rating services; or
 - (vi) dealing in capital markets products that are units in a collective investment scheme, exchange-traded derivatives contracts, OTC derivatives contracts, or spot foreign exchange contracts for the purpose of leveraged foreign exchange trading”;
- (h) by deleting items 6 and 7 and substituting the following items:

“6. Section 99K(2)	Annual fee for retention of name of appointed or provisional representative in the public register of representatives in any other year, where the regulated activity is —	<p>(a) Where the principal has no GIRO arrangement with the Authority, in the manner specified by the Authority, by the date specified in the fee advice.</p> <p>(b) Where the principal has a GIRO arrangement with the Authority, by GIRO by the date specified by the Authority in the fee advice.</p>
	(a) dealing capital markets products that are securities —	
	(i) where the principal is a member of the Singapore Exchange Securities Trading Limited; or	\$700
	(ii) where the principal is any other person;	\$200
	(b) dealing in capital markets products that are units in a collective investment scheme;	\$200
	(c) dealing in capital markets products that are exchange-traded derivatives contracts;	\$200
	(d) dealing in capital markets products that are OTC derivatives contracts;	\$200
	(e) dealing in capital markets products that are spot foreign exchange contracts for the purposes of leveraged foreign exchange trading;	\$200
	(f) fund management;	\$200
	(g) advising on corporate finance;	\$200
	(h) real estate investment trust management; and	\$200
	(i) providing credit rating services,	\$200
	or where there is more than one regulated activity	the higher or highest of the relevant amounts set out above for those regulated activities
7. Section 99K(3)	Fee payable by a temporary representative for retention of name of temporary representative in the public register of representatives, where the regulated activity is —	<p>(a) Where the principal has no GIRO arrangement with the Authority, in the manner specified by the Authority, by the date specified in the fee advice.</p> <p>(b) Where the principal has GIRO arrangement with the Authority, by GIRO by the 16th day of the month following that in which the name is entered in the register.</p>
	(a) dealing in capital markets products that are securities —	
	(i) where the principal is a member of the Singapore Exchange Securities Trading Limited; or	\$700
	(ii) where the principal is any other person;	\$200

(b) dealing in capital markets products that are units in a collective investment scheme;	\$200
(c) dealing in capital markets products that are exchange-traded derivatives contracts;	\$200
(d) dealing in capital markets products that are OTC derivatives contracts;	\$200
(e) dealing in capital markets products that are spot foreign exchange contracts for the purposes of leveraged foreign exchange trading;	\$200
(f) fund management;	\$200
(g) advising on corporate finance;	\$200
(h) real estate investment trust management; and	\$200
(i) providing credit rating services,	\$200
or where there is more than one regulated activity	the higher or highest of the relevant amounts set out above for those regulated activities”;

(i) by deleting “\$100” in the third column of item 8 and substituting “\$200”;

(j) by deleting the word “principal” in paragraph (b) in the fourth column of item 10 and substituting the word “person”; and

(k) by deleting the footnote at the end of the table.

Saving and transitional provisions

64.—(1) Despite regulations 29 and 36, regulations 29 and 37 of the principal Regulations in force immediately before 8 October 2018 continue to apply to the following persons until 8 October 2020:

(a) a person who —

(i) was, immediately before that date, a holder of a capital markets services licence to carry on business in any regulated activity other than dealing in capital markets products that are specified OTC derivatives contracts; and

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- (ii) is a holder of a capital markets services licence to carry on business in any regulated activity other than dealing in capital markets products that are specified OTC derivatives contracts;
 - (b) a person mentioned in section 99(1)(a) or (b) of the Act in respect of any regulated activity other than dealing in capital markets products that are specified contracts;
 - (c) a person mentioned in section 99(1)(c) of the Act in respect of any regulated activity other than dealing in capital markets products that are specified OTC derivatives contracts,

as if regulations 29 and 36 had not been made.

(2) Despite regulation 19(a), regulation 17(2) of the principal Regulations in force immediately before 8 October 2018 continues to apply to a person who was, immediately before that date, a holder of a capital markets services licence to carry on business in any regulated activity other than dealing in capital markets products that are specified OTC derivatives contracts until 8 October 2019, as if regulation 19(a) had not been made.

(3) Despite regulation 62 —

- (a) the annual licence fee specified in item 2 of the Third Schedule to the principal Regulations in force immediately before 8 October 2018 continues to apply for calendar year 2018, in respect of any regulated activity to which a capital markets services licence related before 8 October 2018;
- (b) the annual fee specified in item 6 of the Third Schedule to the principal Regulations in force immediately before 8 October 2018 continues to apply for calendar year 2018, in relation to the retention of any name of an appointed or provisional representative, in the public register of representatives, as an appointed or provisional representative in respect of a regulated activity that was entered on that register before 8 October 2018; and
- (c) the annual fee specified in item 2A of the Third Schedule to the principal Regulations does not apply, on or before

31 December 2018, to a person who was, immediately before 8 October 2018, an exempt person.

*[G.N. Nos. S 373/2005; S 275/2008; S 374/2008;
S 709/2010; S 418/2011; S 18/2012; S 385/2012;
S 503/2012; S 170/2013; S 171/2013; S 523/2016;
S 587/2017; S 381/2018]*

Made on 4 October 2018.

RAVI MENON
*Managing Director,
Monetary Authority of Singapore.*

[CMI 014/2018; AG/LEGIS/SL/289/2015/10 Vol. 2]