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SECURITIES AND FUTURES ACT (CHAPTER 289)

SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) (AMENDMENT NO. 4) REGULATIONS 2021

In exercise of the powers conferred by sections 99(4) and 337(1) 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. 4) Regulations 2021 and come into operation on 9 October 2021.

Amendment of regulation 65

2. Regulation 65 of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) is amended —

(a) by deleting the full-stop at the end of sub-paragraph (c) of paragraph (1) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraph:

“(d) the foreign company is not exempt under regulation 5(1) of the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 (G.N. No. S 760/2021) in respect of the carrying on of business in dealing in capital markets products that are specified OTC derivatives contracts under the arrangement.”;

(b) by deleting the full-stop at the end of sub-paragraph (c) of paragraph (2) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraph:

“(d) the foreign company is not exempt under regulation 5(1) of the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 in respect of the carrying on of business in dealing in capital markets products that are specified FX contracts under the arrangement.”; and

(c) 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-paragraph:

“(d) the foreign company is not exempt under regulation 5(1) of the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 in respect of the carrying on of business in dealing in capital markets products that are units in a collective investment scheme under the arrangement.”.

Amendment of Second Schedule

3. The Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations is amended —

(a) by deleting sub-paragraph (d) of paragraph 3(1) and substituting the following sub-paragraph:

“(d) a corporation which carries on business in dealing in capital markets products that are block futures contracts through an office or a branch of the corporation in Singapore (whether or not the corporation is formed, incorporated or existing in

Singapore) (called in this paragraph the specified futures business) under the following circumstances:

- (i) the corporation is not a holder of a capital markets services licence for any other regulated activity;
 - (ii) the corporation carries on the specified futures business with accredited investors, expert investors or institutional investors only;
 - (iii) the corporation is a fit and proper person to carry on the specified futures business;
 - (iv) the corporation carries on the specified futures business through representatives who are fit and proper persons to carry out dealing in capital markets products that are block futures contracts as the corporation's representatives;
 - (v) in carrying on the specified futures business, the corporation —
 - (A) does not carry any customer's positions, margin or account in its books;
 - (B) 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;
 - (C) is not, whether as principal or agent, a party to any block futures contract;
 - (D) does not have the right to enter an order on any approved exchange or recognised market operator; and
 - (E) does not have the right to clear or settle a trade on any approved clearing house or recognised clearing house;"
- (b) by deleting sub-paragraph (j) of paragraph 3(3) and substituting the following sub-paragraph:
- “(j) the corporation does not carry on the specified futures business for a continuous period of 6 months.”;
- (c) by deleting sub-paragraph (a) of paragraph 3(4) and substituting the following sub-paragraph:

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- “(a) take reasonable measures to verify that its customers, on whose behalf it carries on the specified futures business, are accredited investors, expert investors or institutional investors only;”;
- (d) by deleting the words “a business of dealing in capital markets products that are block futures contracts” in paragraph 3(4)(c)(i) and substituting the words “the specified futures business”;
- (e) by deleting sub-paragraph (ii) of paragraph 3(4)(c);
- (f) by deleting the words “or (ii)” in paragraph 3(4)(c)(iii);
- (g) by deleting the words “business of dealing in capital markets products that are block futures contracts” in paragraph 3(4)(c)(iv), (f) and (g) and substituting in each case the words “specified futures business”;
- (h) by inserting, immediately after the words “financial year” in paragraph 3(4)(e)(i), the words “in accordance with the provisions of the Companies Act”;
- (i) by deleting sub-paragraph (d) of paragraph 3A(1) and substituting the following sub-paragraph:
- “(d) a corporation which carries on business in dealing in capital markets products that are OTC derivatives contracts through an office or branch of the corporation in Singapore (whether or not the corporation is formed, incorporated or existing in Singapore) (called in this paragraph the specified derivatives business) under the following circumstances:
- (i) the corporation is not a holder of a capital markets services licences for any other regulated activity;
 - (ii) the corporation carries on the specified derivatives business with accredited investors, expert investors or institutional investors only;
 - (iii) the corporation is a fit and proper person to carry on the specified derivatives business;
 - (iv) the corporation carries on the specified derivatives business through representatives

who are fit and proper persons to carry out dealing in capital markets products that are OTC derivatives contracts as the corporation's representatives;

- (v) in carrying on the specified derivatives business, the corporation —
 - (A) does not carry any customer's positions, margin or account in its books;
 - (B) 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;
 - (C) is not, whether as principal or agent, a party to any OTC derivatives contract;
 - (D) does not have the right to enter an order on any approved exchange or recognised market operator; and
 - (E) does not have the right to clear or settle a trade on any approved clearing house or recognised clearing house;"

(j) by deleting sub-paragraph (j) of paragraph 3A(3) and substituting the following sub-paragraph:

“(j) the corporation does not carry on the specified derivatives business for a continuous period of 6 months.”;

(k) by deleting sub-paragraph (a) of paragraph 3A(4) and substituting the following sub-paragraph:

“(a) take reasonable measures to verify that its customers, on whose behalf it carries on the specified derivatives business, are accredited investors, expert investors or institutional investors only;”;

(l) by deleting the words “a business in dealing in capital markets products that are OTC derivatives contracts” in paragraph 3A(4)(c)(i) and substituting the words “the specified derivatives business”;

(m) by deleting sub-paragraph (ii) of paragraph 3A(4)(c);

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- (n) by deleting the words “or (ii)” in paragraph 3A(4)(c)(iii);
- (o) by deleting the words “business in dealing in capital markets products that are OTC derivatives contracts” in paragraph 3A(4)(c)(iv) and substituting the words “specified derivatives business”;
- (p) by inserting, immediately after the words “financial year” in paragraph 3A(4)(e)(i), the words “in accordance with the provisions of the Companies Act”; and
- (q) by deleting the words “business of dealing in capital markets products that are OTC derivatives contracts” in paragraph 3A(4)(f) and (g) and substituting in each case the words “specified derivatives business”.

[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; S 667/2018; S 844/2019; S 832/2020; S 10/2021; S 464/2021; S 701/2021]

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