

SECURITIES AND FUTURES ACT
(CHAPTER 289, SECTION 99(1)(h)¹)

SECURITIES AND FUTURES (EXEMPTION FROM
REQUIREMENT TO HOLD CAPITAL MARKETS SERVICES
LICENCE) REGULATIONS

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
- 1A. Definitions
2. Exemption for Citibank Aktiengesellschaft
3. Exemption for foreign companies trading under approved arrangements with related corporations
4. General exemption

[1st October 2002]

Citation

1. These Regulations may be cited as the Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) Regulations.

Definitions

1A.—(1) In these Regulations, unless the context otherwise requires —

“customer”, in relation to a person, does not include —

- (a) the person, when carrying on business in dealing with capital markets products for the person’s own account; or
- (b) a related corporation of the person, for an account belonging to and maintained wholly for the benefit of that related corporation;

[S 630/2018 wef 08/10/2018]

¹with effect from the commencement of the Securities and Futures (Amendment) Act 2003 (Act 16/2003), exemptions will no longer be made by regulations but by notice in writing.

“financial institution” means any institution licensed by, approved by, registered with or otherwise regulated by, the Authority under any written law;

[S 630/2018 wef 08/10/2018]

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

[S 630/2018 wef 08/10/2018]

“relevant offence” means —

- (a) an offence, whether under the law of Singapore or elsewhere, involving fraud or dishonesty, or the conviction for which involved a finding that the offender had acted fraudulently or dishonestly;
- (b) an offence under the Act or any regulations made under the Act; or
- (c) an offence under the Banking Act (Cap. 19), the Commodity Trading Act (Cap. 48A), the Finance Companies Act (Cap. 108), the Financial Advisers Act (Cap. 110), the Insurance Act (Cap. 142), the Monetary Authority of Singapore Act (Cap. 186), the Payment Services Act 2019 (Act 2 of 2019), the Penal Code (Cap. 224) or any subsidiary legislation made under any of those Acts;

[S 845/2019 wef 28/01/2020]

“relevant regulator”, in relation to a jurisdiction other than Singapore, means the regulator in respect of dealing in capital markets products in that jurisdiction.

[S 630/2018 wef 08/10/2018]

[Deleted by S 630/2018 wef 08/10/2018]

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[S 630/2018 wef 08/10/2018]

(2) For the purposes of these Regulations, a customer is resident in Singapore if —

- (a) where the customer is an individual, the individual is ordinarily resident in Singapore; or

- (b) where the customer is a body of persons, corporate or unincorporate, the body of persons has a place of business in Singapore, whether or not the body of persons is incorporated or formed in Singapore.

[S 630/2018 wef 08/10/2018]

Exemption for Citibank Aktiengesellschaft

2. Subject to the conditions and restrictions specified in writing by the Authority, Citibank Aktiengesellschaft is exempt from the requirement to hold a capital markets services licence to carry on business in dealing in capital markets products when dealing in specified products on behalf of any financial institution.

[S 630/2018 wef 08/10/2018]

Exemption for foreign companies trading under approved arrangements with related corporations

3.—(1) This regulation applies to a foreign company that, immediately before 27 February 2008, was carrying on a trade in futures contracts (not being commodity futures contracts) under an arrangement with its related corporation, being an arrangement that has been and continues to be approved by the Authority under paragraph 9 of the Third Schedule to the Act.

(2) A foreign company to which this regulation applies is exempt from the requirement under section 82(1) of the Act to hold a capital markets services licence to carry on business in dealing in capital markets products that are commodity futures contracts under the same terms of arrangement mentioned in paragraph (1).

(3) In this regulation, “commodity futures contracts” has the meaning given by section 2 of the Commodity Trading Act (Cap. 48A) as in force immediately before 27 February 2008.

[S 630/2018 wef 08/10/2018]

General exemption

4.—(1) A person who meets the conditions specified in paragraph (3)(a) to (f) is exempt from the requirement under section 82(1) of the Act to hold a capital markets services licence

to carry on business in dealing in capital markets products that are securities, units in a collective investment scheme or exchange-traded derivatives contracts that are listed or quoted on an approved exchange, or a recognised market operator that is incorporated in Singapore.

(2) A person who meets the conditions specified in paragraph (3)(a) to (g) is exempt from the requirement under section 82(1) of the Act to hold a capital markets services licence to carry on business in dealing in capital markets products that are futures contracts or over-the-counter derivatives contracts that are cleared or settled by an approved clearing house, or a recognised clearing house that is incorporated in Singapore.

(3) The conditions mentioned in paragraphs (1) and (2) are that the person —

- (a) is incorporated outside Singapore;
- (b) is —
 - (i) for a person mentioned in paragraph (1), a member of the approved exchange or recognised market operator on which the securities, units in a collective investment scheme or exchange-traded derivatives contracts (as the case may be) are listed or quoted on; or
 - (ii) for a person mentioned in paragraph (2), a member of the approved clearing house or recognised clearing house that clears or settles the futures contracts or the over-the-counter derivatives contracts, as the case may be;
- (c) does not serve any customer resident in Singapore;
- (d) is not a financial institution;
- (e) carries on business in any jurisdiction the relevant regulator of which has an arrangement with the Authority for information exchange and cooperation in respect of securities, units in a collective investment scheme, exchange-traded derivatives contracts, futures

contracts or over-the-counter derivatives contracts, as the case may be;

(f) is —

(i) for a person mentioned in paragraph (1), registered, licensed, approved or otherwise regulated in respect of dealing in capital markets products that are securities, units in a collective investment scheme or exchange-traded derivatives contracts, as the case may be; or

(ii) for a person mentioned in paragraph (2), registered, licensed, approved or otherwise regulated in respect of clearing of futures contracts or over-the-counter derivatives contracts, as the case may be,

by the relevant regulator mentioned in sub-paragraph (e); and

(g) does not have any affiliate that is a financial institution.

(4) A person (*A*) who would otherwise be, or who is, exempt under paragraph (1) or (2) is not, or ceases to be, so exempt if —

(a) *A*, being a person mentioned in paragraph (1), ceases to satisfy any condition in paragraph (3)(a) to (f);

(b) *A*, being a person mentioned in paragraph (2), ceases to satisfy any condition in paragraph (3)(a) to (g);

(c) *A* is in the course of being wound up or otherwise dissolved, whether in Singapore or elsewhere;

(d) execution against *A* in respect of a judgment debt has been returned unsatisfied in whole or in part;

(e) a receiver, a receiver and manager, a judicial manager, or any 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 *A*;

(f) *A* 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;

- (g) *A* has been convicted of a relevant offence;
- (h) *A* is not a fit and proper person in relation to the conduct of the regulated activity for which it is exempt, or any substantial shareholder or equivalent person of *A* is not a fit and proper person to be in such capacity; or
- (i) any person who, acting alone or together with any other person —
 - (i) controls, directly or indirectly, not less than 20% of the voting power or equivalent decision-making power in *A*; or
 - (ii) acquires or holds, directly or indirectly, not less than 20% of the issued shares or equivalent share of ownership of *A*,

is not a fit and proper person to control such percentage of power or hold such percentage of shares or share of ownership.

(5) Where the person mentioned in paragraph (1) or (2) is a branch of an entity, and the head office of the entity and the branch carry on business in different jurisdictions, the relevant regulator mentioned in paragraph (3)(e) and (f) is the relevant regulator of the jurisdiction in which the branch carries on business.

(6) In paragraph (3)(g), a person (*B*) is an affiliate of another person (*C*) where —

- (a) one or more persons acquire or hold shares or share of ownership in both *B* and *C* and the person or those persons, as the case may be —
 - (i) have acquired, or hold, not less than 20% in the aggregate of the issued shares or equivalent share of ownership in *B* and *C*, respectively; or
 - (ii) control not less than 20% in the aggregate of the voting power or equivalent decision-making power in *B* and *C*, respectively; or

(b) *B* —

- (i) acquires or holds, directly or indirectly, not less than 20% of the issued shares or equivalent share of ownership in *C*; or
- (ii) controls, directly or indirectly, not less than 20% of the voting power or equivalent decision-making power in *C*.

[S 630/2018 wef 08/10/2018]

LEGISLATIVE HISTORY
SECURITIES AND FUTURES (EXEMPTION FROM
REQUIREMENT TO HOLD CAPITAL MARKETS SERVICES
LICENCE) REGULATIONS
(CHAPTER 289, RG 11)

This Legislative History is provided for the convenience of users of the Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) Regulations. It is not part of these Regulations.

1. G. N. No. S 458/2002 — Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) Regulations 2002

Date of commencement : 1 October 2002

2. 2004 Revised Edition — Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) Regulations

Date of operation : 29 February 2004

3. G. N. No. S 147/2008 — Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) (Amendment) Regulations 2008

Date of commencement : 28 March 2008

4. G. N. No. S 501/2010 — Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) (Amendment) Regulations 2010

Date of commencement : 7 September 2010

5. G.N. No. S 630/2018 — Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) (Amendment) Regulations 2018

Date of commencement : 8 October 2018

6. G.N. No. S 845/2019 — Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) (Amendment) Regulations 2019

Date of commencement : 28 January 2020