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| --- | --- | --- |
| FINANCIAL ADVISERS ACT  (Cap. 110)  FINANCIAL ADVISERS REGULATIONS NOTICE OF COMMENCEMENT OF BUSINESS/ADDITIONAL FINANCIAL ADVISORY SERVICE(S) LODGED PURSUANT TO REGULATION 37(1) OF THE FINANCIAL ADVISERS REGULATIONS BY PERSONS EXEMPT FROM HOLDING A FINANCIAL ADVISER’S LICENCE UNDER SECTION 23(1)(a), (b), (c), (d) AND (e) OF THE FINANCIAL ADVISERS ACT |  | FORM  **26** |

**Explanatory Notes**

1. Please read the explanatory notes and questions carefully before completing and lodging the notification form (“Form”) with the Monetary Authority of Singapore (“the Authority”).
2. In this Form, “exempt financial institution” refers to 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 (Cap. 110) (the “Act”).
3. All questions must be answered and all fields must be filled. If a question or field is not applicable, please mark “N.A.” in the space provided.
4. Please check the relevant box(es), where appropriate.
5. Please use the “+” function in the tables to add rows where relevant; the “+” function can be viewed by clicking on a row in a table to be filled.
6. This Form should be accompanied by a scanned or pdf copy of the exempt financial institution’s declaration in Section II when submitting this Form electronically. The declaration must be signed by either the chief executive officer, a director or the corporate secretary of the exempt financial institution. Electronic signatures may be provided in lieu of physical signatures.
7. If more space is needed to provide responses to the questions in this Form, the exempt financial institution should submit an attachment with the additional responses, and label clearly, the relevant question each additional response is for.
8. For notice of commencement of financial advisory service(s), this Form, together with all supporting documents and attachments, should be submitted via email to webmaster@mas.gov.sg:
9. in machine readable format (e.g. MS Word); and
10. in a single password protected zip file. The file extension needs to be “.zip” and the exempt financial institution may use 7zip or winzip.

Please indicate the subject of the email as “FAA Form 26 Lodgement - Commencement of FA Service<Full name of exempt financial institution> and include the following table in the body of the email. An officer from the Authority will liaise with the contact person indicated in the email for the password.

|  |  |
| --- | --- |
| Name of contact person |  |
| Company name (if not from the exempt financial institution) | Click or tap here to enter text. |
| Contact number | Click or tap here to enter text. |

1. For notice of commencement of additional financial advisory service(s), this Form, together with all supporting documents and attachments, should be submitted via email to the MAS officer-in-charge of the exempt financial institution:
2. in machine readable format (e.g. MS Word); and
3. in a single password protected zip file. The file extension needs to be “.zip” and the exempt financial institution may use 7zip or winzip.

Please indicate the subject of the email as “FAA Form 26 Lodgement - Commencement of Additional FA Service”. The password to the Form should be separately provided to the MAS officer-in-charge.

**SECTION I:** **INFORMATION ON EXEMPT FINANCIAL INSTITUTION (“EFI”)**

|  |
| --- |
| **Full Name of Exempt Financial Institution:** Click or tap here to enter text. |

* 1. Please indicate whether this notification is for:

Lodgement in relation to commencement of business as an exempt financial adviser

**OR**

Commencement of additional financial advisory service(s)

1.2 Please indicate the status of the EFI:

a bank licensed under the Banking Act (Cap.19)

a merchant bank licensed under the Banking Act (Cap.19)

a company, co-operative society or insurance broker licensed or registered under the Insurance Act (Cap.142)

a holder of a capital markets services licence under the Securities and Futures Act (Cap. 289)

a finance company which has been granted an exemption from section 25(2) of the Finance Companies Act (Cap.108) to carry on a business of providing any financial advisory service

* 1. Notice is hereby given that with effect from Click or tap to enter a date. (DD/MM/YY), the above-mentioned EFI will commence provision of the following financial advisory service(s)(“FAS”). [For notification of commencement of additional FAS, please only indicate the type of additional FAS that will be provided:]

|  |  |  |
| --- | --- | --- |
|  | Advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning the following investment product(s), other than advising others by issuing or promulgating research analyses or research reports or advising on corporate finance within the meaning of the Securities and Futures Act (Cap. 289) - | |
|  |  | Securities |
|  |  | Units in a collective investment scheme |
|  |  | Exchange-traded derivatives contracts |
|  |  | Over-the-counter derivatives contracts |
|  |  | Spot foreign exchange contracts for the purposes of leveraged foreign exchange trading |
|  |  | Spot foreign exchange contracts other than for the purposes of leveraged foreign exchange trading |
|  |  | Structured deposits |
|  |  | Life policies |
|  | Advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning the following investment product(s) - | |
|  |  | Securities |
|  |  | Units in a collective investment scheme |
|  |  | Exchange-traded derivatives contracts |
|  |  | Over-the-counter derivatives contracts |
|  |  | Spot foreign exchange contracts for the purposes of leveraged foreign exchange trading |
|  |  | Spot foreign exchange contracts other than for the purposes of leveraged foreign exchange trading |
|  |  | Structured deposits |
|  |  | Life policies |

|  |  |
| --- | --- |
|  | Arranging of any contract of insurance in respect of life policies, other than a contract of reinsurance |

* 1. Please elaborate on the corporate track record of the EFI, its parent or related entity in the new FAS that the EFI is commencing.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Complete Appendix 1 if the EFI is commencing the provision of FAS in respect of:
  2. advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning any investment product(s), and/or
  3. arranging of any contract of insurance in respect of life policies, other than a contract of reinsurance.

1.5 Complete Appendix 2 if the EFI is commencing the provision of additional FAS in respect of:

* 1. advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning any investment product(s), and/or
  2. arranging of any contract of insurance in respect of life policies, other than a contract of reinsurance.
  3. Provide the following information if the EFI is:

1. commencing the provision of FAS in respect of advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product(s); or
2. commencing the provision of additional financial advisory service of advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product(s).
3. brief description of the manner in which, and types of clients for whom the EFI will be conducting the proposed/additional FAS to;

|  |
| --- |
| Click or tap here to enter text. |

1. details of key officers (including names, addresses, relevant experience, qualifications, NRIC No./Passport No./Foreign Identification Number, date of birth etc) who will have oversight of the proposed/additional FAS. Please attach an organisation chart detailing key officers and reporting lines for the proposed/additional FAS;

|  |
| --- |
| Click or tap here to enter text. |

1. details of representatives (including names, relevant experience and qualifications etc) who will be conducting the proposed/additional FAS. The EFI is required to employ or appoint at least 2 full time individuals as appointed representatives[[1]](#footnote-2) for the provision of financial advisory services which the EFI is seeking to commence.

|  |
| --- |
| Click or tap here to enter text. |

1. key internal control procedures (including compliance, internal audit and risk management arrangements) to satisfy the Authority that the EFI will be able to comply on an on-going basis with the requirements of the Act and that the EFI has adequate means of supervising its officers and representatives in respect of the proposed/additional FAS.

|  |
| --- |
| Click or tap here to enter text. |

1. highlight any area(s) of potential or actual conflict of interest that may arise from the proposed/additional FAS and explain in detail how such conflicts will be resolved or mitigated. Please provide the mitigating measures in place to address each of the conflicts identified. Examples of conflicts include the following:
2. EFI’s director(s) and/or representative(s) are working for another entity conducting the proposed/additional FAS in Singapore;
3. EFI’s director(s) and/or representative(s) are working for another entity conducting the proposed/additional FAS in Singapore;
4. EFI’s shareholder(s) has shareholding interests in another entity conducting the proposed/additional FAS in Singapore;
5. EFI is connected or associated with any product provider whose products the EFI will be marketing, recommending or procuring for its clients.

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| Click or tap here to enter text. |

**SECTION II: DECLARATION**

**[Attach a scanned or pdf copy of this Declaration when submitting this Form electronically. The Declaration must be signed by either the chief executive officer, a director or the corporate secretary of the exempt financial institution. Electronic signatures may be provided in lieu of physical signatures.]**

As chief executive officer/director/corporate secretary of

|  |
| --- |
| **Full Name of Exempt Financial Institution:** Click or tap here to enter text. |

I declare that:

I am fully aware that section 86(1), (3) and (4) of the Act provides as follows:

|  |
| --- |
| “(1) ANY PERSON WHO FURNISHES THE AUTHORITY WITH ANY INFORMATION UNDER OR FOR THE PURPOSES OF ANY PROVISION OF THIS ACT SHALL USE DUE CARE TO ENSURE THAT THE INFORMATION IS NOT FALSE OR MISLEADING IN ANY MATERIAL PARTICULAR.”  “(3) ANY PERSON WHO –   1. SIGNS ANY DOCUMENT LODGED WITH THE AUTHORITY; OR 2. LODGES WITH THE AUTHORITY ANY DOCUMENT BY ELECTRONIC MEANS USING ANY IDENTIFICATION OR IDENTIFYING CODE, PASSWORD OR OTHER AUTHENTICATION METHOD OR PROCEDURE ASSIGNED TO HIM BY THE AUTHORITY,   SHALL USE DUE CARE TO ENSURE THAT THE DOCUMENT IS NOT FALSE OR MISLEADING IN ANY MATERIAL PARTICULAR.”  “(4) ANY PERSON WHO CONTRAVENES SUBSECTION (1) OR (3) SHALL BE GUILTY OF AN OFFENCE AND SHALL BE LIABLE ON CONVICTION TO A FINE NOT EXCEEDING $25,000 OR TO IMPRISONMENT FOR A TERM NOT EXCEEDING 2 YEARS OR TO BOTH.” |

I am fully aware that under section 23(10) of the Act, the Authority may withdraw the exemption granted to any person under section 23 of the Act if the exempt financial institution contravenes any provision of the Act.

I declare that all information given in this Form, including all supporting documents and attachments, is true and correct.

|  |  |  |
| --- | --- | --- |
| Signature | : |  |
| Name | : | Click or tap here to enter text. |
| Designation | : | Choose an item. |
| Date | : | Click or tap to enter a date.(DD/MM/YY) |

**Appendix 1**

**Information to be provided if the exempt financial institution (“EFI”) is commencing the provision of financial advisory service (“FAS”) in respect of:**

1. **advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning any investment product(s), and/or**
2. **arranging of any contract of insurance in respect of life policies, other than contracts of reinsurance”.**

**SECTION I: INFORMATION ON THE EFI’S PROPOSED BUSINESS PLAN**

***Business Model***

1.1 Provide a brief description of the EFI’s FAS business and activities in Singapore.

|  |
| --- |
| Click or tap here to enter text. |

***Product Providers and Clientele Base***

1.2 Provide the names of the product providers whose products the EFI will recommend to or arrange for its clients.

|  |  |
| --- | --- |
| **Type of products** | **Name of product providers** |
| Collective investment schemes | Click or tap here to enter text. |
| Life policies | Click or tap here to enter text. |
| Others, please specify:  Click or tap here to enter text. | Click or tap here to enter text. |

1.3 Estimate the clientele type that the EFI proposes to provide the FAS to:

1. by individual clients and corporate clients:

|  |  |  |
| --- | --- | --- |
| **Type of FAS** | **Individual clients**  **(%)** | **Corporate clients**  **(%)** |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. |

1. by specific classes of client:

| **Type of FAS** | **Retail (%)** | **Accredited (%)** | **Institutional**  **(%)** | **Expert**  **(%)** |
| --- | --- | --- | --- | --- |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |

|  |
| --- |
| Retail clients refer to clients that are not accredited, institutional or expert clients. “Accredited investor”, “Institutional investor” and “Expert investor” are as defined in regulation 2 of the Regulations. |

1. by Singapore clients and overseas clients:

|  |  |  |
| --- | --- | --- |
| **Type of FAS** | **% of Singapore clients** | **% of Overseas clients. State the top 3 countries that the clients are from** |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. |

***Sources of Revenue***

1.4 Indicate the sources of revenue and provide an estimated breakdown by percentage of revenue.

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of FAS** | **Source of revenue:** | | |
| **Fees from clients**  **(%)** | **Sales commissions from product providers (based on volume of investment products sold)**  **(%)** | **Others, pl specify**  **(%)** |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |

***Staffing Projections***

1.5 Provide the staffing projections for a period of 3 years:

|  | **Year 1**  Click or tap here to enter text.  **(YYYY)** | **Year 2**  Click or tap here to enter text.  **(YYYY)** | **Year 3**  Click or tap here to enter text.  **(YYYY)** |
| --- | --- | --- | --- |
| **Number of representatives to be appointed/appointed for the FAS:** |  |  |  |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| **Number of staff (other than representatives) to be employed/employed for the FAS** | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |

1.6 Where the EFI is recruiting representatives from other financial advisory firms in Singapore, from its related entity(s) or within its Group, please indicate if the number of representatives to be recruited from the same firm could be 30 or more in a 60-day rolling period.

Yes. Please provide details of the recruitment exercise, including but not limited to the following areas, and proceed to answer from question 1.9:

1. Profile of the representatives (including names of their current financial advisory firms and agencies as well as the estimated number of representatives and supervisors under each agency and their financial advisory working experience);

|  |
| --- |
| Click or tap here to enter text. |

1. Recruitment package that would be offered, including incentives, sales targets and terms and conditions (please provide draft contractual offers to a representative and supervisor and agency leader who have remuneration packages tied to sales targets);

|  |
| --- |
| Click or tap here to enter text. |

1. Assessment of the risks involved (such as risks of improper switching) and controls in place to mitigate the risks; and

|  |
| --- |
| Click or tap here to enter text. |

1. Management’s approval for the recruitment package (Please include information such as composition of the committee approving the recruitment package, involvement of risk and compliance in the approval process, minutes of meetings documenting the deliberations, source of funds to support the recruitment package, assessment of projected cost and income of this recruitment exercise).

|  |
| --- |
| Click or tap here to enter text. |

No

1.7 Where the EFI is recruiting representatives from other financial advisory firms in Singapore and the number of representatives to be recruited from each firm is likely to be less than 30 in a 60-day rolling period, please indicate if the EFI will be/is offering any financial packages or buy-out packages, or any type of incentives to these representatives.

|  |  |
| --- | --- |
|  | Yes. Please provide details of the financial packages or buy-out packages or incentives that will be given, including the quantum, eligibility criteria, duration, sales target or other target conditions to be met and penalties/clawbacks if targets are not met:  Click or tap here to enter text. |
|  | No |

1.8 Where the EFI is recruiting representatives from its related entity(s) or within its Group and the number of representatives to be recruited from each related entity or Group is likely to be less than 30 in a 60-day rolling period, please describe the migration plans for these representatives. The plan should include information on whether these representatives will be dually licensed, the recruitment or buy-out packages/incentives offered, including the quantum, eligibility criteria, duration, sales target or other target conditions to be met and penalties/clawbacks if targets are not met:

|  |
| --- |
| Click or tap here to enter text. |

1.9 Describe the remuneration structure for the representatives:

|  |  |
| --- | --- |
|  | Representatives are remunerated based on a fixed salary/wage and variable incentives which are directly tied to the sale of a specific investment product. Examples include payment of commissions that are computed based on the premium or investment amount of the investment product sold |
|  | Representatives are remunerated based on fixed salary/wage and variable incentives which are not directly tied to the sale of a specific investment product. Examples include payment of volume-based commission components that are computed on a portfolio or net asset value basis, such as production bonus (based on whether the representative can hit a certain production target on his total sales) and trailer fees or wrap fees (based on net asset holdings of a representative’s client) |
|  | Representatives are remunerated based on commissions and these commissions are variable incentives which are directly tied to the sales of specific investment products |
|  | Representatives are remunerated based on fee income which is not based on sales of specific investment products but on other factors such as amount of client assets under advice or performance of clients’ portfolio |
|  | Others, please describe:  Click or tap here to enter text. |

1.10 Provide details of the EFI’s span of control for the supervision of the representatives, if applicable.

|  |
| --- |
| Click or tap here to enter text. |

***Conflicts of Interest***

1.11 Describe any areas of actual or potential conflicts of interest that may arise from the provision of the FAS and provide the mitigating measures in place to address each of these conflicts identified. Examples of conflicts include the following:

1. EFI’s director(s) and/or representative(s) are working for another entity conducting the proposed/additional FAS in Singapore;
2. EFI’s director(s) and/or representative(s) are working for another entity conducting the proposed/additional FAS in Singapore;
3. EFI’s shareholder(s) has shareholding interests in another entity conducting the proposed/additional FAS in Singapore;
4. EFI is connected or associated with any product provider whose products the EFI will be marketing, recommending or procuring for its clients.

|  |
| --- |
| Click or tap here to enter text. |

**SECTION II: SYSTEMS AND PROCESSES**

***Advisory and Sales Process***

2.1 Specify the manner in which the FAS will be provided to clients of the EFI.

|  |  |
| --- | --- |
|  | Face-to-face |
|  | Through the internet |
|  | Others (e.g. telephone, direct marketing, email etc), please specify:  Click or tap here to enter text. |

2.2 Specify whether the EFI will be conducting needs-based advice i.e. advice which takes into account the client’s specific investment objectives, financial situation and particular needs.

|  |  |
| --- | --- |
|  | Yes. Please describe the needs-based advisory process:  Click or tap here to enter text. |
|  | No |

2.3 Specify if the EFI is operating an electronic or online platform to provide advice e.g. using an automated algorithm-based digital system to provide financial advice to clients.

|  |  |
| --- | --- |
|  | Yes. Please complete Appendix 1.1 |
|  | No |

***Compliance***

2.4 Indicate if the EFI’s current compliance function will also be in charge of all compliance matters relating to the FAS. If not, please provide details of the compliance arrangements that the EFI is putting/has put in place for the FAS.

|  |  |
| --- | --- |
|  | Yes |
|  | No. Please describe:  Click or tap here to enter text. |

***Other Support Functions***

2.5 For each of the support functions listed below, please indicate if the EFI’s current support functions will also provide support for the FAS. If not, please provide details on the support functions that the EFI is putting/has put in place for the FAS.

|  |  |
| --- | --- |
| Internal audit | Yes |
| No. Please describe:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Human resources | Yes |
| No. Please describe:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Marketing | Yes |
| No. Please describe:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Distribution support | Yes |
| No. Please describe:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| IT support | Yes |
| No. Please describe:  Click or tap here to enter text. |

***Policies and Procedures***

2.6 Please indicate if the EFI is putting/has put in place policies and procedures for the following areas. If not, please explain why these policies and procedures are not necessary. *[Note: The EFI is not required to attach the policies and procedures to this Form.]*

|  |  |
| --- | --- |
| Advisory and sales | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Recruitment of representatives | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Training and competency | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Supervision and monitoring of representatives’ activities | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Complaints handling | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Anti-money laundering and countering the financing of terrorism | Yes |
| No. Please explain:  Click or tap here to enter text. |

**Appendix 1.1**

**Additional questions to be completed if the exempt financial institution (“EFI”) is operating an electronic or online platform to provide financial advice to clients**

1. ***Advisory and Sales Process***
   1. Outline the EFI’s due diligence measures for customer on-boarding process, including the measures for non-face-to-face business relations.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Outline the type of information to be collected from the client as part of the EFI’s fact-find and needs analysis. The EFI should refer to FAA-N16 Notice on Recommendations on Investment Products and FAA-N03 Notice on Product Information and Disclosure to Clients for the proper conduct of the advisory and sales process.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Describe the process that the EFI will put in place to assess a client’s knowledge and experience in transacting specified investment products, if applicable.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Explain the methodology used by the EFI’s electronic platform to generate a recommended portfolio based on the information collected from the client.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Provide information on where and how will the clients’ moneys be held for the purpose of buying or selling of investment products.

|  |
| --- |
| Click or tap here to enter text. |

1. ***Governance of algorithms/online platform***
   1. Confirm if the electronic platform (including the algorithms of risk survey and any financial needs analysis) will be designed in-house or outsourced, and identify the persons in charge of designing the methodology behind the algorithms and reviewing/testing the suitability of the recommendations generated by the algorithms. If outsourced, please provide the name of the service provider.

|  |
| --- |
| Click or tap here to enter text.  Name of service provider, if applicable: Click or tap here to enter text. |

* 1. Confirm if the EFI will be able to comply with the requirements set out in the Technology Risk Management Notice and Guidelines issued by the Authority. If the platform is outsourced, please confirm if the EFI is able to comply with the Guidelines on Outsourcing issued by the Authority.

|  |
| --- |
| Click or tap here to enter text. |

2.3 If the applicant intends to deliver or distribute its products and services via internet-accessible web or mobile applications, it should perform a penetration test[[2]](#footnote-3) of these applications, remediate all high risk findings identified, and conduct independent validation on the effectiveness of the remediation actions taken prior to the deployment of the applications. Select the applicable scenario.

The applicant will deploy internet-accessible web or mobile applications which are integral[[3]](#footnote-4) to its business. Hence, it will complete the above measures before commencing business.

The applicant will deploy internet-accessible web or mobile applications. However, these applications are not integral to its business. It will nonetheless complete the above measures prior to the deployment of the applications.

Not applicable, as the applicant will not deploy any internet-accessible web or mobile applications.

1. ***Portfolio execution and rebalancing***

3.1 Clarify whether the EFI will assist clients to pass on their buy or sell orders (e.g. collective investment schemes (“CIS”), stocks, bonds) to a licensed/exempt capital markets services holder (“CMSL”) authorised to conduct the activity of dealing in capital markets products for execution. Please provide the name of the CMSL partner(s) that the applicant will be working/intends to work with.

|  |
| --- |
| Click or tap here to enter text. |

3.2 Clarify whether the EFI will conduct portfolio rebalancing for its clients and whether such rebalancing is confined to bringing the allocation of the clients’ portfolio, in respect of CIS only, back to the most recent advice provided to the client i.e. the rebalancing transaction does not change constituents or allocation of the recommended portfolio (“auto-rebalancing”). Please elaborate on how the auto-rebalancing is done, i.e. frequency, type of disclosures made to clients etc. *[Note: An entity that conducts portfolio rebalancing activities for clients, other than auto-rebalancing for CIS only, is deemed to be conducting fund management activities, and requires the entity to be licensed as a CMSL for fund management, unless exempted.]*

|  |
| --- |
| Click or tap here to enter text. |

**Appendix 2**

**Information to be provided if the exempt financial institution (“EFI”) is commencing the provision of additional financial advisory service (“FAS”) in respect of:**

1. **advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning any investment product(s), and/or**
2. **arranging of any contract of insurance in respect of life policies, other than contracts of reinsurance”.**

**SECTION I: INFORMATION ON THE EFI’s PROPOSED BUSINESS PLAN**

***Business Model***

1.1 Provide a brief description of the EFI’s business and activities in Singapore with respect to the additional FAS.

|  |
| --- |
| Click or tap here to enter text. |

***Product Providers and Clientele Base***

1.2 Provide the names of the product providers whose products the EFI will recommend to or arrange for its clients with respect to the additional FAS.

|  |  |
| --- | --- |
| **Type of products** | **Name of product providers** |
| Collective investment schemes | Click or tap here to enter text. |
| Life policies | Click or tap here to enter text. |
| Others, please specify:  Click or tap here to enter text. | Click or tap here to enter text. |

* 1. Estimate the clientele type that the EFI proposes to provide the additional FAS to:
  2. by individual clients and corporate clients:

|  |  |  |
| --- | --- | --- |
| **Type of FAS** | **Individual clients**  **(%)** | **Corporate clients**  **(%)** |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. |

* 1. by specific classes of client:

| **Type of FAS** | **Retail (%)** | **Accredited (%)** | **Institutional**  **(%)** | **Expert**  **(%)** |
| --- | --- | --- | --- | --- |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |

|  |
| --- |
| Retail clients refer to clients that are not accredited, institutional or expert clients. “Accredited investor”, “Institutional investor” and “Expert investor” are as defined in regulation 2 of the Regulations. |

* 1. by Singapore clients and overseas clients:

|  |  |  |
| --- | --- | --- |
| **Type of FAS** | **% of Singapore clients** | **% of Overseas clients. State the top 3 countries that the clients are from** |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. |

***Sources of Revenue***

1.4 Indicate the sources of revenue for the EFI with respect to the additional FAS and provide an estimated breakdown by percentage of revenue.

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of FAS** | **Source of revenue:** | | |
| **Fees from clients**  **(%)** | **Sales commissions from product providers (based on volume of investment products sold)**  **(%)** | **Others, pl specify**  **(%)** |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |

***Staffing Projections***

1.5 Provide the staffing projections for the additional FAS for a period of 3 years:

|  | **Year 1**  Click or tap here to enter text.  **(YYYY)** | **Year 2**  Click or tap here to enter text.  **(YYYY)** | **Year 3**  Click or tap here to enter text.  **(YYYY)** |
| --- | --- | --- | --- |
| **Number of existing representatives providing the additional FAS:** |  |  |  |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on or arranging of life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| **Number of new representatives to be appointed/appointed for the additional FAS:** |  |  |  |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Advising others on any investment products, other than life policies | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| **Number of new staff (other than representatives) to be employed/employed for the additional FAS** | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |

1.6 Where the EFI is recruiting representatives from other financial advisory firms in Singapore, from its related entity(s) or within its Group for the additional FAS, please indicate if the number of representatives to be recruited from the same firm could be 30 or more in a 60-day rolling period.

Yes. Please provide details of the recruitment exercise, including but not limited to the following areas, and proceed to answer from question 1.9:

* + - 1. Profile of the representatives (including names of their current financial advisory firms and agencies as well as the estimated number of representatives and supervisors under each agency and their financial advisory working experience);

|  |
| --- |
| Click or tap here to enter text. |

* + - 1. Recruitment package that would be offered, including incentives, sales targets and terms and conditions (please provide draft contractual offers to a representative, supervisor and agency leader who have remuneration packages tied to sales targets);

|  |
| --- |
| Click or tap here to enter text. |

* + - 1. Assessment of the risks involved (such as risks of improper switching) and controls in place to mitigate the risks; and

|  |
| --- |
| Click or tap here to enter text. |

* 1. Management’s approval for the recruitment package (Please include information such as composition of the committee approving the recruitment package, involvement of risk and compliance in the approval process, minutes of meetings documenting the deliberations, source of funds to support the recruitment package, assessment of projected cost and income of this recruitment exercise).

|  |
| --- |
| Click or tap here to enter text. |

No

1.7 Where the EFI is recruiting representatives from other financial advisory firms in Singapore for the additional FAS and the number of representatives to be recruited from each firm is likely to be less than 30 in a 60-day rolling period, please indicate if the EFI will be/is offering any financial packages or buy-out packages, or any type of incentives to these representatives.

|  |  |
| --- | --- |
|  | Yes. Please provide details of the financial packages or buy-out packages or incentives that will be given, including the quantum, eligibility criteria, duration, sales target or other target conditions to be met and penalties/clawbacks if targets are not met:  Click or tap here to enter text. |
|  | No |

1.8 Where the EFI is recruiting representatives from its related entity(s) or within its Group for the additional FAS and the number of representatives to be recruited from each related entity or Group is likely to be less than 30 in a 60-day rolling period, please describe the migration plans for these representatives. The plan should include information on whether these representatives will be dually licensed, the recruitment or buy-out packages/incentives offered, including the quantum, eligibility criteria, duration, sales target or other target conditions to be met and penalties/clawbacks if targets are not met:

|  |
| --- |
| Click or tap here to enter text. |

1.9 Describe the remuneration structure for the representatives with respect to the additional FAS:

|  |  |
| --- | --- |
|  | Representatives are remunerated based on a fixed salary/wage and variable incentives which are directly tied to the sale of a specific investment product. Examples include payment of commissions that are computed based on the premium or investment amount of the investment product sold |
|  | Representatives are remunerated based on fixed salary/wage and variable incentives which are not directly tied to the sale of a specific investment product. Examples include payment of volume-based commission components that are computed on a portfolio or net asset value basis, such as production bonus (based on whether the representative can hit a certain production target on his total sales) and trailer fees or wrap fees (based on net asset holdings of a representative’s client) |
|  | Representatives are remunerated based on commissions and these commissions are variable incentives which are directly tied to the sales of specific investment products |
|  | Representatives are remunerated based on fee income which is not based on sales of specific investment products but on other factors such as amount of client assets under advice or performance of clients’ portfolio |
|  | Others, please describe:  Click or tap here to enter text. |

1.10 Provide details of the EFI’s span of control for the supervision of the representatives with respect to the additional FAS, if applicable.

|  |
| --- |
| Click or tap here to enter text. |

***Conflicts of Interest***

1.11 Describe any areas of actual or potential conflicts of interest that may arise in the provision of the additional FAS by the EFI and provide the mitigating measures in place to address each of these conflicts identified. Examples of conflicts include the following:

1. EFI’s director(s) and/or representative(s) are working for another entity conducting the proposed/additional FAS in Singapore;
2. EFI’s director(s) and/or representative(s) are working for another entity conducting the proposed/additional FAS in Singapore;
3. EFI’s shareholder(s) has shareholding interests in another entity conducting the proposed/additional FAS in Singapore;
4. EFI is connected or associated with any product provider whose products the EFI will be marketing, recommending or procuring for its clients.

|  |
| --- |
| Click or tap here to enter text. |

**SECTION II: SYSTEMS AND PROCESSES**

***Advisory and Sales Process***

2.1 Specify the manner in which the additional FAS will be provided to clients of the EFI.

|  |  |
| --- | --- |
|  | Face-to-face |
|  | Through the internet |
|  | Others (e.g. telephone, direct marketing, email etc), please specify:  Click or tap here to enter text. |

2.2 Specify whether the EFI will be conducting needs-based advice with respect to the additional FAS i.e. advice which takes into account the client’s specific investment objectives, financial situation and particular needs.

|  |  |
| --- | --- |
|  | Yes. Please describe the needs-based advisory process:  Click or tap here to enter text. |
|  | No |

2.3 Specify if the EFI is operating an electronic or online platform to provide advice with respect to the additional FAS e.g. using an automated algorithm-based digital system to provide financial advice to clients.

|  |  |
| --- | --- |
|  | Yes. Please complete Appendix 2.1 |
|  | No |

***Compliance***

2.4 Indicate if the EFI’s current compliance function will also be in charge of all compliance matters relating to the additional FAS. If not, please provide details of the compliance arrangements that the EFI is putting/has put in place for the additional FAS.

|  |  |
| --- | --- |
|  | Yes |
|  | No. Please describe:  Click or tap here to enter text. |

***Other Support Functions***

2.5 For each of the support functions listed below, please indicate if the EFI’s current support functions will also provide support for the additional FAS. If not, please provide details on the support functions that the EFI is putting/has put in place for the additional FAS.

|  |  |
| --- | --- |
| Internal audit | Yes |
| No. Please describe:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Human resources | Yes |
| No. Please describe:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Marketing | Yes |
| No. Please describe:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Distribution support | Yes |
| No. Please describe:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| IT support | Yes |
| No. Please describe:  Click or tap here to enter text. |

***Policies and Procedures***

2.6 Please indicate if the EFI is putting/has put in place policies and procedures for the following areas with respect to the additional FAS. If not, please explain why these policies and procedures are not necessary. *[Note: The EFI is not required to attach the policies and procedures to this Form.]*

|  |  |
| --- | --- |
| Advisory and sales | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Recruitment of representatives | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Training and competency | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Supervision and monitoring of representatives’ activities | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Complaints handling | Yes |
| No. Please explain:  Click or tap here to enter text. |

|  |  |
| --- | --- |
| Anti-money laundering and countering the financing of terrorism | Yes |
| No. Please explain:  Click or tap here to enter text. |

**Appendix 2.1**

**Additional questions to be completed if the exempt financial institution (“EFI”) is operating an electronic or online platform to provide financial advice to clients**

1. ***Advisory and Sales Process***
   1. Outline the EFI’s due diligence measures for customer on-boarding process, including the measures for non-face-to-face business relations.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Outline the type of information to be collected from the client as part of the EFI’s fact-find and needs analysis. The EFI should refer to FAA-N16 Notice on Recommendations on Investment Products and FAA-N03 Notice on Product Information and Disclosure to Clients for the proper conduct of the advisory and sales process.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Describe the process that the EFI will put in place to assess a client’s knowledge and experience in transacting specified investment products, if applicable.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Explain the methodology used by the EFI’s electronic platform to generate a recommended portfolio based on the information collected from the client.

|  |
| --- |
| Click or tap here to enter text. |

* 1. Provide information on where and how will the clients’ moneys be held for the purpose of buying or selling of investment products.

|  |
| --- |
| Click or tap here to enter text. |

1. ***Governance of algorithms/online platform***
   1. Confirm if the electronic platform (including the algorithms of risk survey and any financial needs analysis) will be designed in-house or outsourced, and identify the persons in charge of designing the methodology behind the algorithms and reviewing/testing the suitability of the recommendations generated by the algorithms. If outsourced, please provide the name of the service provider.

|  |
| --- |
| Click or tap here to enter text.  Name of service provider, if applicable: Click or tap here to enter text. |

* 1. Confirm if the EFI will be able to comply with the requirements set out in the Technology Risk Management Notice and Guidelines issued by the Authority. If the platform is outsourced, please confirm if the EFI is able to comply with the Guidelines on Outsourcing issued by the Authority.

|  |
| --- |
| Click or tap here to enter text. |

2.3 If the applicant intends to deliver or distribute its products and services via internet-accessible web or mobile applications, it should perform a penetration test[[4]](#footnote-5) of these applications, remediate all high risk findings identified, and conduct independent validation on the effectiveness of the remediation actions taken prior to the deployment of the applications. Select the applicable scenario.

The applicant will deploy internet-accessible web or mobile applications which are integral[[5]](#footnote-6) to its business. Hence, it will complete the above measures before commencing business.

The applicant will deploy internet-accessible web or mobile applications. However, these applications are not integral to its business. It will nonetheless complete the above measures prior to the deployment of the applications.

Not applicable, as the applicant will not deploy any internet-accessible web or mobile applications.

1. ***Portfolio execution and rebalancing***

3.1 Clarify whether the EFI will assist clients to pass on their buy or sell orders (e.g. collective investment schemes (“CIS”), stocks, bonds) to a licensed/exempt capital markets services holder (“CMSL”) authorised to conduct the activity of dealing in capital markets products for execution. Please provide the name of the CMSL partner(s) that the applicant will be working/intends to work with.

|  |
| --- |
| Click or tap here to enter text. |

3.2 Clarify whether the EFI will conduct portfolio rebalancing for its clients and whether such rebalancing is confined to bringing the allocation of the clients’ portfolio, in respect of CIS only, back to the most recent advice provided to the client i.e. the rebalancing transaction does not change constituents or allocation of the recommended portfolio (“auto-rebalancing”). Please elaborate on how the auto-rebalancing is done, i.e. frequency, type of disclosures made to clients etc. *[Note: An entity that conducts portfolio rebalancing activities for clients, other than auto-rebalancing for CIS only, is deemed to be conducting fund management activities, and requires the entity to be licensed as a CMSL for fund management, unless exempted.]*

|  |
| --- |
| Click or tap here to enter text. |

1. An appointed representative has to satisfy the following minimum entry requirements:

   1. (a) be at least 21 years old;
   2. (b) satisfy the minimum academic qualification and examination requirements as prescribed in the Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers [Notice FAA-N13];

   [↑](#footnote-ref-2)
2. The scope of the penetration test should be aligned with industry best practices, such as, the Penetration Testing Guidelines for the Financial Industry in Singapore published by the Association of Banks in Singapore. If the applicant intends to engage a service provider to perform the penetration test, it may refer to the Guidelines for a list of criteria for the selection of a service provider. [↑](#footnote-ref-3)
3. An internet-accessible web or mobile application is considered integral to a financial institution’s business if it is essential for the conduct of business between the financial institution and its customers. Examples of applications that may be considered integral to the applicant’s business are digital advisory platform, or an online aggregator and comparison platform. In contrast, a static webpage providing informational services may not be considered integral to a financial institution’s business. [↑](#footnote-ref-4)
4. The scope of the penetration test should be aligned with industry best practices, such as, the Penetration Testing Guidelines for the Financial Industry in Singapore published by the Association of Banks in Singapore. If the applicant intends to engage a service provider to perform the penetration test, it may refer to the Guidelines for a list of criteria for the selection of a service provider. [↑](#footnote-ref-5)
5. An internet-accessible web or mobile application is considered integral to a financial institution’s business if it is essential for the conduct of business between the financial institution and its customers. Examples of applications that may be considered integral to the applicant’s business are digital advisory platform, or an online aggregator and comparison platform. In contrast, a static webpage providing informational services may not be considered integral to a financial institution’s business. [↑](#footnote-ref-6)