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| FINANCIAL ADVISERS ACT  (Cap. 110)  FINANCIAL ADVISERS REGULATIONS  **APPLICATION FOR VARIATION OF A FINANCIAL ADVISER’S LICENCE UndER SECTION 16(1) OF THE FINANCIAL ADVISERS ACT READ WITH REGULATION 9 OF THE FINANCIAL ADVISERS REGULATIONS** |  | FORM  **2** |

**Explanatory Notes**

1. Please read the explanatory notes and questions carefully before completing and lodging the application form (“Form”) with the Monetary Authority of Singapore (the “Authority”).
2. All terms used in this Form shall, except where expressly defined in this Form or where the context otherwise requires, have the same meaning as defined in the Financial Advisers Act (the “Act”) or the Financial Advisers Regulations (the “Regulations”).
3. All questions must be answered. If a question 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. If there are any changes in the information furnished in the Form prior to the issuance of the variation of the financial adviser’s licence, the licensed financial adviser should immediately notify the Authority.
7. This Form should be accompanied by a scanned or pdf copy of the licensed financial adviser’s declaration in Section VI. The Declaration must be signed by either two directors, or a director and the corporate secretary of the licensed financial adviser. Electronic signatures may be provided in lieu of physical signatures.
8. If more space is needed to provide responses to the questions in this Form, the licensed financial adviser should submit an attachment with the additional responses, and label clearly, the relevant question each additional response is for.
9. The non-refundable application fee prescribed under regulation 6 of the Regulations will be deducted from the licensed financial adviser’s bank account via GIRO.
10. This Form, together with all supporting documents and attachments, should be submitted via email to the MAS officer-in-charge of the licensed financial adviser:
11. in machine readable format (e.g. MS Word); and
12. in a single password protected zip file. The file extension needs to be “.zip” and the licensed financial adviser may use 7zip or winzip.

Please indicate the subject of the email as “FAA Form 2 Application - Variation of FA Licence”. The password to the Form should be separately provided to the MAS officer-in-charge.

**APLICATION TO ADD TO THE TYPE(S) OF FINANCIAL ADVISORY SERVICE OR INVESTMENT PRODUCT(S) AUTHORISED UNDER THE FINANCIAL ADVISER’S LICENCE OF:**

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

Licence no: Click or tap here to enter text.

**SECTION I: ADDITIONAL TYPE(S) OF FINANCIAL ADVISORY SERVICE (“FAS”) OR INVESTMENT PRODUCT(S) TO BE ADDED TO THE FINANCIAL ADVISER’S (“FA”) LICENCE**

* 1. Select the additional FAS or investment product(s) that the licensed financial adviser (“LFA”) is applying for:

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| --- | --- | --- |
|  | 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 |

1.2 State the purpose for adding the additional FAS or investment product(s).

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| Click or tap here to enter text. |

## SECTION II: INFORMATION ON THE LICENSED FINANCIAL ADVISER

2.1 Based on the latest audited accounts, indicate the paid-up capital or net head office funds (for branch of a foreign company) of the LFA.

|  |  |
| --- | --- |
| **For year ended (DD/MM/YY)** | Click or tap to enter a date. |
| **Paid-up capital** | Click or tap here to enter text. |
| **Net head office funds** | Click or tap here to enter text. |

If the paid-up capital or net head office funds (for branch of a foreign company) does not meet the minimum financial requirement under regulation 15 of the Regulations required for the additional FAS that the LFA is intending to conduct, the LFA undertakes to the Authority that it will increase its paid-up capital or net head office funds to satisfy the minimum financial requirements upon approval of the application for variation of FA licence by the Authority*.*

**SECTION III: INFORMATION ON THE FAS AND INVESTMENT PRODUCT(S) TO BE ADDED**

3.1 Complete Appendix 1 if the LFA is applying to conduct the additional FAS of (i) “advising others on any investment product”; and/or (ii) “arranging of any contract of insurance in respect of life policies, other than a contract of reinsurance”.

3.2 If the LFA is applying to conduct the additional FAS of “advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product(s)”, please provide the following information:

1. brief description of the manner in which, and types of customers whom, the LFA will be conducting the additional FAS or investment product(s) to, and how the additional FAS or investment product(s) would be integrated into its existing business.

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

1. details of key officers (including names, addresses, relevant experience, qualifications etc) who will have oversight of the additional FAS or investment product(s). Please attach an organisation chart detailing key officers and reporting lines for its additional FAS or investment product(s);

Attached

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

1. details of representatives (including names, relevant experience and qualifications) who will be conducting the additional FAS or investment product(s).

|  |
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| 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 LFA will be able to comply on an on-going basis with the requirements of the Act and that the LFA has adequate means of supervising its officers and representatives in respect of the additional FAS or investment product(s).

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| Click or tap here to enter text. |

3.3 Highlight any potential or actual conflicts of interest that may arise from the additional FAS or investment product(s) 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.

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| Click or tap here to enter text. |

## SECTION IV: OTHER INFORMATION

4.1 Set out any additional information that is relevant or material to this application, and has not been provided in the other sections of this Form.

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| Click or tap here to enter text. |

**SECTION V: FIT AND PROPER CRITERIA**

If the answer to any of the following questions is in the affirmative, provide supporting documents, where appropriate, to provide all relevant particulars.

* + - for items 1(a) to (d), there is no need to provide supporting documents.
    - for items 1(e) to (u), and 2(a) and (b), complete Appendix 2.

Attached

If there is any doubt with respect to any part of this section, provide all relevant information to demonstrate that the LFA, including its chief executive officer, directors, representatives, substantial shareholders and effective controllers, are considered to be fit and proper persons.

|  |  |  |
| --- | --- | --- |
| Honesty, Integrity and Reputation | | |
| * 1. Within the past 10 years, has the LFA, its chief executive officer or any of its directors and shareholders, whether the shareholder is an individual, corporation, or body unincorporated (including the shareholders’ related corporation(s)), | | |
|  | Yes | No |
| 1. been licensed, registered or approved under any law in any jurisdiction which requires licensing, registration or approval in relation to any regulated activity? |  |  |
|  |  |  |
| 1. been licensed, registered, or otherwise authorised by law to carry on any trade, business (including sole proprietorships and partnerships) or profession (including accountancy, engineering, law and architecture) in any jurisdiction? |  |  |
|  |  |  |
| 1. been a shareholder of any corporation which holds membership of any class or description of any operator of an organised market or clearing facility in any jurisdiction? |  |  |
|  |  |  |
| 1. carried on business under any name other than the name stated in this application in any jurisdiction? |  |  |
|  |  |  |
| 1. been refused the right or restricted in its or his/her right to carry on any trade, business or profession for which a specific licence, registration or other authorisation is required by law in any jurisdiction? |  |  |
|  |  |  |
| 1. been issued a prohibition order under any Act administered by the Authority or been prohibited from operating in any jurisdiction by any financial services regulatory authority? |  |  |
|  |  |  |
| 1. been censured, disciplined, suspended or refused membership or registration by the Authority, any other regulatory authority, an operator of an organised market or clearing facility, any professional body or government agency, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been the subject of any complaint made reasonably and in good faith, relating to activities that are regulated by the Authority or under any law in any jurisdiction? |  |  |
|  |  |  |
| 1. been the subject of any proceedings of a disciplinary or criminal nature or been notified of any potential proceedings or of any investigation which might lead to those proceedings, under any law in any jurisdiction? |  |  |
|  |  |  |
| 1. been convicted of any offence, served any term of imprisonment or is being subject to any pending proceedings which may lead to a conviction of any offence, under any law in any jurisdiction? |  |  |
|  |  |  |
| 1. had any civil penalty enforcement action taken against it or him/her by the Authority or any other regulatory authority under any law in any jurisdiction? |  |  |
|  |  |  |
| 1. contravened or abetted another person in breach of any laws or regulations, business rules or codes of conduct, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been the subject of any investigations or disciplinary proceedings or been issued a warning or reprimand by the Authority, any other regulatory authority, an operator of an organised market or clearing facility, any professional body or government agency, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been refused a fidelity or surety bond, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been or is a director, partner, substantial shareholder or concerned in the management of a business that has been censured, disciplined, prosecuted or convicted of a criminal offence, or been the subject of any disciplinary or criminal investigation or proceeding, whether in Singapore or elsewhere, in relation to any matter that took place while he/she was a director, partner, substantial shareholder or concerned in the management of the business? |  |  |
|  |  |  |
| 1. been or is a director, partner, substantial shareholder or concerned in the management of a business that has been suspended or refused membership or registration by the Authority, any other regulatory authority, an operator of an organised market or clearing facility, any professional body or government agency, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been a director, partner, substantial shareholder or concerned in the management of a business that has gone into insolvency, liquidation or administration during the period when, or within a period of one year after, he/she was a director, partner, substantial shareholder or concerned in the management of the business, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been dismissed or asked to resign from office, employment, a position of trust, or a fiduciary appointment or similar position, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been or is subject to disciplinary proceedings by his/her current or former employer(*s*), whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been disqualified from acting as a director or disqualified from acting in any managerial capacity, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been an officer found liable for an offence committed by a body corporate as a result of the offence having proved to have been committed with the consent or connivance of, or neglect attributable to, the officer, whether in Singapore or elsewhere? |  |  |
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|  |  |  |
| * 1. Has the LFA, its chief executive officer or any of its directors and shareholders, whether the shareholder is an individual, corporation, or body unincorporated (including the shareholders’ related corporation(s)), | | |
|  | Yes | No |
| 1. had any judgment (in particular, that is associated with a finding of fraud, misrepresentation or dishonesty) entered against it or him/her in any civil proceedings or is a party to any pending proceedings which may lead to such a judgment, under any law in any jurisdiction? |  |  |
|  |  |  |
| 1. accepted civil liability for fraud, misrepresentation or dishonesty under any law in any jurisdiction? |  |  |
|  |  |  |
| Financial Soundness |  |  |
| 1. Within the past 10 years, has the LFA, its chief executive officer or any of its directors and shareholders, whether the shareholder is an individual, corporation, or body unincorporated (including the shareholders’ related corporation(s)), | | |
|  | Yes | No |
| 1. been or is unable to fulfil any of its or his/her financial obligations, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. entered into a compromise or scheme of arrangement (including a debt repayment scheme) with its or his/her creditors, or made an assignment for the benefit of its or his/her creditors, being a compromise, scheme of arrangement or assignment that is still in operation, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been or is subject to a judgment debt which is unsatisfied, either in whole or in part, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been or is the subject of a bankruptcy petition, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been adjudicated a bankrupt and the bankruptcy is undischarged, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been or is the subject of a winding-up petition, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been dissolved or is in the course of being wound-up, where the dissolution/winding-up does not relate to members’ voluntary winding-up, whether in Singapore or elsewhere? |  |  |
|  |  |  |
| 1. been or is a corporation where a receiver, receiver and manager, judicial manager, or such other person having the powers and duties of a receiver, receiver and manager, or judicial manager, has been appointed in relation to, or in respect of any property of the corporation, whether in Singapore or elsewhere? |  |  |
| 1. been or is subject to any other process outside Singapore that is similar to those referred to in (d) – (h)? |  |  |

## SECTION VI: DECLARATION BY LICENSED FINANCIAL ADVISER

**[Attach a scanned or pdf copy of this Declaration when submitting this Form electronically. The Declaration must be signed by either two directors or a director and the corporate secretary of the LFA. Electronic signatures may be provided in lieu of physical signatures.]**

As directors/corporate secretary of

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| **Full Name of Licensed Financial Adviser**: Click or tap here to enter text. |

We declare that:

We are fully aware that section 17 of the Act provides as follows:

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| “ANY PERSON WHO, IN CONNECTION WITH AN APPLICATION FOR THE GRANT OR VARIATION OF A FINANCIAL ADVISER’S LICENCE –   1. WITHOUT REASONABLE EXCUSE, MAKES ANY STATEMENT WHICH IS FALSE OR MISLEADING IN A MATERIAL PARTICULAR; OR 2. WITHOUT REASONABLE EXCUSE, OMITS TO STATE ANY MATTER OR THING WITHOUT WHICH THE APPLICATION IS MISLEADING IN A MATERIAL RESPECT,   SHALL BE GUILTY OF AN OFFENCE AND SHALL BE LIABLE ON CONVICTION TO A FINE NOT EXCEEDING $50,000.” |

AND section 86(1), (3) and (4) of the Act provides as follows:

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| “(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.” |

We are fully aware that under section 16(3) of the Act, the Authority may refuse the application for variation of FA licence if the LFA fails to satisfy the Authority that the LFA (including its officers, employees, representatives and substantial shareholders) are fit and proper persons.

We have read the Guidelines on Fit and Proper Criteria (“the Guidelines”) issued by the Authority and in submitting this Form, we are satisfied that the LFA (including its officers, employees, representatives and substantial shareholders) are fit and proper persons based on the criteria stated in the Guidelines.

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

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

**Appendix 1**

**Information to be provided if the licensed financial adviser (“LFA”) is adding the financial advisory service (“FAS”) 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.**

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

***Business Model***

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

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| Click or tap here to enter text. |

***Product Providers and Clientele Base***

1.2 Provide the names of the product providers whose products the LFA 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. |

1.3 Estimate the clientele type that the LFA proposes to provide the additional 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. |

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| 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 LFA 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 LFA 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 LFA 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 LFA 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 LFA 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:

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| --- | --- |
|  | 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 LFA’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 LFA and provide the mitigating measures in place to address each of these conflicts identified. Examples of conflicts include the following:

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

|  |
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| 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 LFA.

|  |  |
| --- | --- |
|  | 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 LFA 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 LFA 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 1.1 |
|  | No |

***Compliance***

2.4 Indicate if the LFA’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 LFA 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 LFA’s current support functions will also provide support for the additional FAS. If not, please provide details on the support functions that the LFA 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 LFA 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 LFA 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 licensed financial adviser (“LFA”) is operating an electronic or online platform to provide financial advice to clients**

1. ***Advisory and Sales Process***
   1. Outline the LFA’s due diligence measures for customer on-boarding process. The LFA should refer to FAA-N06 Notice and Guidelines to FAA-N06 for licensed financial advisers on the prevention of money laundering and countering the financing of terrorism. In particular, paragraph 6-11-3 of the Guidelines stipulates that where verification is performed without face-to-face contact, an LFA should apply additional checks to manage the risk of impersonation, such as telephone contact with the customer at a residential or business number that can be verified independently. The LFA should also refer to the MAS Circular on the “Use of Myinfo and Customer Due Diligence Measures for Non Face-to-Face Business Relations” on measures to mitigate the risk of impersonation.

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

* 1. Outline the type of information to be collected from the client as part of the LFA’s fact-find and needs analysis. The LFA 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 LFA 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 LFA’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***
   1. Clarify 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 LFA 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 LFA 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[[1]](#footnote-1) 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[[2]](#footnote-2) 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 LFA 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. [*Note: An LFA is allowed to do so only if the passing on of clients orders is incidental to its financial advisory services.]*

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

3.2 Clarify whether the LFA will conduct portfolio rebalancing for its clients and whether such rebalancing is confined to bringing the allocation of the clients’ portfolio, in respect of collective investment schemes (“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.]*

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

**Appendix 2**

**Affirmative Responses to the Fit and Proper Criteria**

Complete the table below where there is an affirmative response to items 1(e) to (u), and 2(a) and (b) of the fit and proper criteria per Section V. Please complete a table for each person (individual/entity), and use one row for each affirmative response.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of person (individual/entity) involved:** Click or tap here to enter text. | | | | | | | | | |
| **Fit and Proper Criteria1** | **Name of regulator/ authority** | **Nature of incident for affirmative response (“Incident”) 2** | **Date of incident (DD/MM/YY)** | **Details of incident** | **Status of incident (pending/ finalised)** | **Penalty amount/ No. of years of imprisonment** | **Remedial measures taken to address the incident, if any** | **Progress of remedial measures (completed/ ongoing)** | **Reasons that person meets the Authority’s fit and proper criteria set out in the Guidelines on Fit and Proper Criteria [Guideline No. FSG-G01] despite the incident** |
| 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. | Click or tap here to enter text. | Choose an item. | Click or tap here to enter text. | Click or tap here to enter text. | Choose an item. | Click or tap here to enter text. |

**[Note: Click on this note to see the “+” sign; click “+” sign to add a new table.]**

1 Indicate the item number of the fit and proper criteria per Section IV where there is affirmative response, e.g. 1(g).  
2 Indicate one of the following, or where the categories below are not applicable, briefly describe the nature of the incident:

|  |
| --- |
| * Refused membership/registration/right to carry on trade * Prohibition order * Suspended * Imprisonment * Subject of/notified of disciplinary proceeding/investigation * Subject of/notified of criminal proceeding/investigation * Subject of/notified of civil proceeding/investigation * Subject of complaint * Fine * Warning * Reprimand |

1. 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-1)
2. 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-2)