



Monetary Authority of Singapore

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**FINANCIAL ADVISERS ACT  
(CAP. 110)**

**GUIDELINES ON CRITERIA FOR THE GRANT OF A  
FINANCIAL ADVISER'S LICENCE AND A  
REPRESENTATIVE'S LICENCE**

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**Guideline No** : FAA-G01  
**Issue Date** : 1 October 2002 (Last revised on 9 June 2009)

**GUIDELINES ON CRITERIA FOR THE GRANT OF A  
FINANCIAL ADVISER'S LICENCE AND A  
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**Purpose of the Guidelines on Criteria for the Grant of a Financial  
Adviser's Licence and a Representative's Licence [“these  
Guidelines”]**

1 These Guidelines are issued pursuant to section 64 of the Financial Advisers Act (Cap. 110) [“the Act”]. They are intended to provide guidance on the licensing admission criteria for persons applying for a financial adviser's and a representative's licence under the Act.

2 These Guidelines should be read in conjunction with the provisions of the Act, subsidiary legislation made under the Act, as well as written directions, notices, codes and other guidelines that the Monetary Authority of Singapore [“the Authority”] may issue from time to time.

[Amended on 1 July 2005]

3 The Authority will update these Guidelines periodically to provide further guidance to applicants.

**Definitions**

4 For the purposes of these Guidelines:

“collective investment scheme” has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289);

“connected person” has the same meaning as section 2(1) of the Act;

[Amended on 1 July 2005]

“financial adviser's licence” has the same meaning as in section 2(1) of the Act;

[Amended on 1 July 2005]

“financial advisory service” has the same meaning as in section 2(1) of the Act;

[Amended on 1 July 2005]

“foreign company” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“investment product” has the same meaning as in section 2(1) of the Act;

“net head office funds”, in relation to a foreign company, means the net liability of the Singapore branch of that foreign company to its head office and any other branch outside of Singapore;

“paid-up capital” means ordinary shares and non-redeemable preference shares that have been fully paid for;

“representative” has the same meaning as in section 2(1) of the Act; and

“representative's licence” has the same meaning as in section 2(1) of the Act.

[Amended on 1 July 2005]

### **Who needs to apply for a financial adviser's licence and a representative's licence?**

5 Corporations which carry on a business of providing any financial advisory service are required to hold a financial adviser's licence under the Act unless they are exempt under section 23 of the Act. Individuals who are employed by or acting for the corporation to provide any financial advisory service are required to hold a representative's licence under the Act. Those who provide any financial advisory service on behalf of a corporation exempt under section 23 of the Act are exempt from the requirement to hold a representative's licence.

6 The financial advisory services specified in the Second Schedule to the Act are as follows:

- (a) Advising others, either directly or through publications or writings, whether in electronic, print or other form, concerning any investment product, other than —
  - (i) in the manner set out in paragraph (b); or
  - (ii) advising on corporate finance within the meaning of the Securities and Futures Act;  
[Amended on 1 July 2005]
- (b) Advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product;  
[Amended on 1 July 2005]
- (c) Marketing of any collective investment scheme; and
- (d) Arranging of any contract of insurance in respect of life policies, other than a contract of reinsurance.

**What are the admission criteria for the grant of a financial adviser's licence?**

7 A financial adviser's licence will only be granted to a corporation. A corporation applying for a financial adviser's licence is required to establish a physical presence in Singapore. The applicant should employ or appoint at least 2 representatives for the conduct of financial advisory services.

[Amended on 9 June 2009]

*Minimum financial requirements*

8 An applicant for a financial adviser's licence must meet the following minimum financial requirements:

- (a) Paid-up capital of \$150,000<sup>1</sup>

In the case of an applicant which carries on a business of providing any or all of the following financial advisory services:

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<sup>1</sup> Net Head Office Funds of the same amount in the case of a foreign company.

(i) advising others in the manner specified in paragraph 6(a) concerning investment products other than futures contracts, contracts or arrangements for the purposes of foreign exchange trading and contracts or arrangements for the purposes of leveraged foreign exchange trading;

[Amended on 1 July 2005]

(ii) advising others in the manner specified in paragraph 6(b) concerning investment products, other than futures contracts, contracts or arrangements for the purposes of foreign exchange trading and contracts or arrangements for the purposes of leveraged foreign exchange trading;

[Amended on 1 July 2005]

(iii) marketing of collective investment schemes;

(iv) arranging of contracts of insurance in respect of life policies, other than contracts of reinsurance.

(b) Paid-up capital of \$300,000<sup>2</sup>

In the case of an applicant which carries on a business of providing any or all of the following financial advisory services:

(i) advising others in the manner specified in paragraph 6(a) concerning futures contracts, contracts or arrangements for the purposes of foreign exchange trading, or contracts or arrangements for the purposes of leveraged foreign exchange trading;

[Amended on 1 July 2005]

(ii) advising others in the manner specified in paragraph 6(b) concerning futures contracts, contracts or arrangements for the purposes of foreign exchange trading, or contracts or arrangements for the purposes of leveraged foreign exchange trading.

[Amended on 1 July 2005]

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<sup>2</sup> See footnote 1 above.

(c) Paid-up capital of \$300,000<sup>3</sup>

In the case of an applicant which carries on a business of providing a combination of the financial advisory services referred to in sub-paragraphs (a) and (b) above.

[Amended on 1 July 2005]

The above financial requirements are spelt out in regulation 15 of the Financial Advisers Regulations ["FAR"].

*Professional Indemnity Insurance*

9 An applicant must have in force a professional indemnity insurance policy under which the limit of indemnity covered should be an amount of not less than \$500,000, under which the deductible allowed must not be more than 20% of the applicant's net asset value<sup>4</sup> at the end of its immediately preceding financial year. This requirement is stipulated in regulation 17 of the FAR.

*Management Expertise*

10 The Chief Executive Officer ["CEO"] and all Executive Directors ["EDs"] must have a minimum of 5 years of relevant working experience in respect of the financial advisory services that the corporation is seeking to be licensed. They must also have acceptable academic qualifications or professional qualifications or both. In addition, the CEO and all EDs must have at least 3 years of managerial experience in the relevant financial advisory services.

[Amended on 9 June 2009]

11 An applicant must not appoint a person, who is placed in a position of conflicts of interest as its CEO or ED.

[Amended on 9 June 2009]

*Track Record*

12 An applicant must have a minimum 3-year proven track record in the financial advisory business.

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<sup>3</sup> See footnote 1 above.

<sup>4</sup> Net Head Office Funds in the case of a foreign company.

### *Shareholding*

13 In the case of an applicant which does not satisfy the 3-year track record requirement stipulated in paragraph 12, the CEO must own not less than 20% shareholding of the applicant. The CEO and EDs must in the aggregate own not less than 50% shareholding of the applicant.

[Amended on 9 June 2009]

14 Deleted by FAA-G01 Amendment on 9 June 2009.

### *Supervision by Home Regulatory Authority*

15 Where an applicant is a foreign company, it should be subject to proper supervision by recognised home regulatory authorities and possess the requisite track record.

[Amended on 1 July 2005]

### *Systems and Processes*

16 An applicant should have adequate internal compliance systems and processes commensurate with the size and complexity of its business to ensure compliance with the law, good practices and professional standards. This would include access to research reports, financial planning tools and services, and investment capability.

### *Fit and Proper*

17 An applicant as well as its officers, employees and substantial shareholders must satisfy the fit and proper criteria set out in the Guidelines on Fit and Proper Criteria issued by the Authority (Guideline No. FSG-G01).

[Amended on 9 June 2009]

### *Others*

18 Any other criteria stipulated by the Authority.

## **What are the admission criteria for the grant of a representative's licence?**

19 A representative's licence will only be granted to an individual.

20 The Authority may refuse an application for the grant of a representative's licence if the applicant does not satisfy the following requirements:

- (a) be at least 21 years old;
- (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 No. FAA-N07);  
[Amended on 1 July 2005]
- (c) satisfy the fit and proper criteria set out in the Guidelines on Fit and Proper Criteria issued by the Authority (Guideline No. FSG-G01); and  
[Amended on 9 June 2009]
- (d) any other criteria stipulated by the Authority.