

PROGRAMME PROSPECTUS

NEW SINGAPORE SFA AND FAA AND OTC DERIVATIVES CONTRACTS: BUSINESS CONDUCT REQUIREMENTS UNDER THE SFA – LICENSING, DEALING AND RISK MITIGATION

1. Learning Objectives and Outcomes

Dealing in, or advising on, over-the-counter derivatives contracts (“**OTCDs**”) are now regulated activities in Singapore under the Securities and Futures Act (“**SFA**”) and the Financial Advisers Act.

This programme focuses on the business conduct requirements under the SFA that capital markets services (“**CMS**”) licence holders and exempt financial institutions (“**EFIs**”) are required to comply with when dealing in OTCDs (other than those relating to customer’s moneys and assets, and the sale of capital markets products under MAS’s Notice on the Sale of Investment Products and the accompanying Practice Note). CMS licence holders and EFIs should also bear in mind the margining, clearing, trading and reporting rules and the public offering rules.

2. Programme Outline

Topic	Summary	Duration
What led to the changes in the business conduct requirements?	What led to the changes in the business conduct requirements?	5 minutes
Overview SFA - SFA licensing requirements - Exchange-traded vs OTC - Dealing in OTCDs - Qualifying inter-dealer brokers	- Overview of the licensing and registration requirements under the SFA. - When do you need to be licensed or registered under the SFA in relation to OTCDs? - Dealing in OTCDs <u>for</u> vs dealing in OTCDs <u>with</u>. - What are the more relevant exclusions and exemptions? - What are OTCDs? - What does “dealing in OTCDs” mean? - What is required of qualifying inter-dealer brokers?	20 minutes

Topic	Summary	Duration
- SFA business conduct requirements - Retail and non-retail customers - SFA rules - Securities-based derivatives contracts - SFA transitional reliefs “Existing” derivatives contracts vs “new” derivatives contracts for intermediaries/advisers other than banks and merchant banks “Existing” derivatives contracts vs “new” derivatives contracts for banks and merchant banks It's complicated Business conduct requirements	- Overview of the business conduct requirements (“BCR”) under the SFA. - BCR relating to licensing, dealing, customer’s moneys and assets, risk mitigation requirements for non-cleared OTCDs, and the sale of capital markets products. - Overview of the application of the BCR. - CMS licence holder vs EFI. - Narrower vs broader definition of “customer”. - Non-retail customers to retail customers who are individuals. - Who are retail and non-retail customers? - Commodity OTCDs for the day-to-day business operations of one party to OTCDs traded on a swap execution facility that is an approved exchange or operated by a recognised market operator. - Overview of the rules under the SFA. - Margining, clearing, trading and reporting rules relating to OTCDs. - Public offering rules relating to securities-based derivatives contracts (“SBDCs”). - What is an SBDC? - Overview of the transitional reliefs. - Are there any transitional reliefs from the licensing/registration requirements and BCR for “new” OTCDs? - Are there any transitional reliefs from the licensing/registration requirements and BCR for “existing” OTCDs? - Are there any transitional reliefs from the margining, clearing, trading and reporting rules and the public offering rules?	

	▪ What are “existing” derivatives contracts and “new” derivatives contracts for intermediaries/advisers other than banks and merchant banks? ▪ What are “existing” derivatives contracts and “new” derivatives contracts for banks and merchant banks? ▪ What is the difference for intermediaries/advisers other than banks and merchant banks on the one hand and banks and merchant banks on the other hand?	
Overview of the licensing BCR • Regulation 13 duties • Register of interests in listed specified products • Approval of CEO and directors Do all the licensing BCR apply to EFIs?	• Overview of the licensing BCR. - o What are the Regulation 13 duties? - o Register of interests in listed specified products. ▪ What are “listed specified products”? ▪ What are the requirements? - o When do you need MAS’s approval for the appointment of the CEO and directors? • Do all the licensing BCR apply to EFIs?	30 minutes

Topic	Summary	Duration
Overview of the dealing BCR - Contract notes - Product advertisements - General risk disclosure requirements - No dealing as agent	- Overview of the dealing BCR. - Contract notes. - When does it apply? - What are the requirements? - What are the special provisions relating to OTCDs? - Product advertisements. - What is a “product advertisement”? - When does it apply? - What are the requirements? - Who is “senior management”? - Can senior management delegate? - General risk disclosure requirements. - When does it apply? - What are the requirements? - No dealing as agent. - When does it apply? - What are the requirements? - What is the rationale for the rule?	110 minutes

Topic	Summary	Duration
• Dealing as principal • Trading standards • Priority of customers' orders • Books and records	- o Dealing as principal. ▪ When does it apply? ▪ What are the requirements? ▪ What are "listed specified products"? ▪ What is the rationale for the rule? - o Trading standards. ▪ When does it apply? ▪ What are the requirements? ▪ When can you disclose information relating to customers' orders? - o Priority of customers' orders. ▪ When does it apply? ▪ What are the requirements? - o Books and records. ▪ What are the requirements relating to OTCDs? ▪ Do the requirements apply to OTCDs booked in Singapore and/or traded in Singapore?	

Topic	Summary	Duration
Statements of account Do all the dealing BCR apply to EFIs?	- Statements of account. - When must the statements be provided? - In relation to OTCDs, what must the statements show? - Can statements be waived by the customer? - Instead of sending physical statements to the customer, can the requirements be met by any other means? - Do all the dealing BCR apply to all customers? - Are there any transitional arrangements? - Do all the dealing BCR apply to EFIs?	
Practical application of the licensing and dealing BCR	In relation to OTCDs, flow-charts explaining when you need to comply with the various licensing and dealing BCR.	20 minutes
Risk mitigation requirements for non-cleared OTCDs? - Trading relationship documentation - Trade confirmations	- What are the risk mitigation requirements for non-cleared OTCDs? - Overview of the requirements. - When do they apply? - Trading relationship documentation: - What are the requirements? - Is it required for a single one-off trade? - Trade confirmations. - What are the requirements: - for financial counterparties; and - non-financial counterparties?	40 minutes

Topic	Summary	Duration
- Valuation - Dispute resolution mechanism - Portfolio reconciliation - Portfolio reconciliation frequency - Portfolio compression	- Valuation. - What are the requirements? - Can you rely on a third party valuation? - Dispute resolution mechanism. - What constitutes a dispute? - What are the requirements? - When must you report to MAS? - Portfolio reconciliation. - What are the requirements? - What is the recommended frequency? - Portfolio compression. - What is portfolio compression? - What are the requirements?	
Summary of the BCR to which transitional reliefs apply for “existing” OTCDs	If you were carrying on business in “existing” OTCDs before 8 October 2018, summary of the BCR to which transitional reliefs apply	5 minutes
Total		230 minutes

3. Delivery Method

The programme will be delivered through self-directed E-Learning. The programme will be offered on annual subscription basis through the applicant's website:

www.nomikos.com.sg

Participants who have questions can raise their questions via e-mail. Over time, the applicant plans to include a blog on its website that will summarise the most commonly raised questions and answers.

Depending on demand, the applicant may also offer participants a live webinar for questions and answers.

4. Assessment

The assessment will consist of 5 multiple choice questions (which will be randomly selected from a pool of 15 questions).

The passing grade will be 80%.

5. Total CPD hours

Upon successful completion of the programme, the participant will have achieved a total of **4 CPD hours**, comprised as follows:

	Duration
Programme	230 minutes
Assessment	10 minutes
Total	240 minutes