

FREQUENTLY ASKED QUESTION ON REMOVAL OF ANNIVERSARY REPORTING FOR AUTHORISATION OF ACTIVITY (ARAA FORM 6) AND NON-ISSUANCE OF PHYSICAL LICENCE

1. What is the Securities Commission's (SC) rationale for introducing a semi-annual reporting on Fit and Proper Compliance Report of licensed representatives instead of annually?

The Fit and Proper Compliance Report was introduced to improve the reporting efficiency among licensed intermediaries as they are no longer required to submit an individual ARAA Form 6 on the anniversary date of each licensed representative. The submission of Fit and Proper Compliance Report which encompasses compliance with licensing requirements is done collectively on a semi-annual basis. The annual submission may be explored in the future as part of the phased approach to implementation.

2. What is Form 6A?

Form 6A represents the Fit and Proper Compliance Report of Licensed Representative to be submitted by Licensed Corporation. The licensed corporation is required to submit a semi-annual declaration on the fit and proper standing of its licensed representatives whose anniversary date fall due within the reporting period.

The fit and proper standing refers to the compliance with minimum 20 Continuing Professional Education (CPE) points, non-bankrupt and remains fit and proper pursuant to Section 65 of the Capital Markets and Services Act 2007.

The listing of licensed representatives together with their compliance level must be attached as part of the submission. Measures to comply (where relevant) must be reported as part the monitoring mechanism to ensure continuous compliance with the requirements.

3. Does the licensed company need to submit the Fit and Proper Compliance Report (Form 6A) if none of its representatives' anniversary date falls within the reporting period?

Yes, the licensed company is still required to submit a 'Nil' report of Form 6A.

4. What is the timeline to submit Form 6A?

Report submissions for 30th June and 31st December reporting are due on the 7th business day of the following month. Any submission later than these dates will be considered as late submission.

5. A licensed representative has an anniversary date on 20 January 2015. When shall the company submit Form 6A?

The licensed representative is required to submit his Declaration of Fit & Properness to the company by 20 January 2015. However, the Fit and Proper Compliance Report on the said representative will only be included in the company's submission of Form 6A for the 30th June reporting. The report must be submitted to the SC no later than 7th business day from the reporting date.

6. When is the cut-off date for a representative to meet the CPE points requirement, on anniversary date or Form 6A reporting date?

A licensed representative must meet his/her CPE points requirement by the anniversary date of his/her licence.

7. A licensed representative has yet to comply with CPE requirement on his anniversary date. What shall the company do?

The licensed company must escalate the non-compliance matter to SC and provide measures to comply with the requirement immediately. Breaches that affect the fit and proper standing of licensed representatives must be communicated to SC immediately and should not wait until the point of submission of Form 6A.

8. Must the fit and proper declaration that was made by the licensed representatives to the company on their anniversary date remain valid at the point of reporting period?

Yes, the fit and proper declaration made must be valid at the point of reporting. In fact, the fit and proper declaration must be valid at all times. Should there be any concerns noted on the fit and proper standing of the representatives at any time, the company is to escalate the matter to SC immediately.

9. What is the validity period of bankruptcy search result?

The bankruptcy search result should not be more than 6 months old by the time Form 6A is submitted to the SC.

10. Can the bankruptcy search be conducted in one batch for all licensed holders before submitting Form 6A?

Yes, you may do so provided that the bankruptcy search is performed not more than 6 months from the reporting date.

11. Will the company be held responsible should there be any false declaration made by its licensed representatives?

The company must demonstrate that it has taken reasonable steps to assess on the veracity of the declaration made.

12. How would the company check on the disciplinary records or actions that have been taken against its representatives?

Apart from assessing the fit and proper declaration made by the licensed representatives, the company has alternative sources to check on the adverse record or disciplinary actions taken from the public domain. This includes information pertaining to the enforcement actions that have been taken by the SC, Bursa, relevant associations, foreign regulators or agencies such as United Nation Security Council Resolution (UNSCR), etc.

The company must ensure that it has in-place the relevant policies and procedures to affirm on the fit and proper standing of its licensed representatives.

13. As a licensed representative, what form do I need to fill-up on my anniversary date?

As part of your company's internal procedure, you would be required to fill-in the Declaration of Fit & Properness with the relevant supporting documents to indicate your compliance level with licensing requirements. Your company will then make the necessary assessment to affirm on your fit and properness before submitting Form 6A to the SC.

14. When will the licence fees be deducted?

Licence fees will be deducted on the anniversary date of licensed person.

15. Will there be a refund to the licence fee if the representative ceased to be a licensed person after his anniversary date but before the reporting period?

No refund is given as the licence fee is deducted on the anniversary date of licensed person.

16. What is the rationale for removing the issuance of physical licence?

With the removal of issuance of physical licence, details of licensed persons will be maintained on the SC's website at Public Register of Licensed Holder to enable the general public to check on their licence status. This enriches investor protection as information on licensed persons will be made accessible at all times. The printing of electronic licence is also made available to licensed companies should they require a copy of the licence for record retention purposes.

17. I am currently holding a valid physical licence to undertake the relevant regulated activity. Do I need to return the existing licence?

With effect from 1 January 2015, the SC no longer issues a physical licence. All licensed holders who hold a valid physical licence must return their physical licence to SC immediately upon variation, revocation or cessation of regulated activity.

18. How do I differentiate a licensed person who has obtained the licence after 1 January 2015 when the physical licence is no longer issued?

All licences approved (for company or representative) after 1 January 2015 will have a prefix 'e' before the licence number, for example "e-CMSRL/2015/xxxx".