

**FREQUENTLY-ASKED-QUESTIONS
GUIDELINES ON CORPORATE GOVERNANCE
FOR CAPITAL MARKET INTERMEDIARIES
(Issued: 22 August 2022)**

1. RELATED PROVISION

1.1 For a CMSL holder that is regulated by more than one regulatory body, which governance-related requirements would apply?

Where a CMSL holder is subject to more than one governance-related requirements, the strictest requirement shall apply. Please refer to Paragraph 3.02 of the *Guidelines on Corporate Governance for Capital Market Intermediaries* (CGGL).

2. BOARD COMPOSITION

2.1 Does the term “independence” in Paragraph 5.04 refer to an independent director?

No. The term “independence” refers to a state where each director performs his or her duties free from influence or control by other parties and/or parties related to the CMSL holder.

2.2 What is the SC’s expectation on “undertake the necessary measures” in Paragraph 5.06?

For the purpose of Paragraph 5.06, the Board of a CMSL holder must be able to demonstrate “undertaking of necessary measures” to ensure the board comprises at least 30% women directors by the effective date of 1 July 2022. This may include but is not limited to, engaging a recruitment firm to identify suitable women candidates, have a portfolio of potential candidates or interview records.

Illustration to facilitate the calculation of at least 30% are as follows:

Examples:	Recommendations¹	Results	Conclusion²
Six (6) board members with one (1) woman director = 17%	<ul style="list-style-type: none"> i. Increase board size to (7) and appoint an additional (1) woman director; or ii. Retain the board size and appoint two women directors 	<ul style="list-style-type: none"> i. Seven (7) board members with two (2) women directors = 29%; or ii. Six (6) board members with two (2) women directors = 33% 	<ul style="list-style-type: none"> i. Deemed to meet the minimum 30% as the rounding up is ≤5%. ii. Has met the minimum 30%
Seven (7) board members with one (1) woman director = 14%	<ul style="list-style-type: none"> i. Increase board size to (8) and appoint an additional (1) woman director 	<ul style="list-style-type: none"> i. Eight (8) board members with two (2) women directors = 25% 	<ul style="list-style-type: none"> i. Deemed to meet the minimum 30% as the rounding up is ≤5%.

¹ These recommendations are not exhaustive.

² Maximum rounding up allowed of 5%.

2.3 Are alternate directors included in the calculation of the percentage of women directors on the board?

No. The CMSL holder should exclude alternate directors in the calculation of the percentage of women directors.

3. ACTIVE POLITICIAN

3.1 Is the requirement in relation to active politicians applicable to a former politician who has retired?

No, this requirement is only applicable to an individual who is currently a member of Parliament, State Assemblymen or holds a position at the Supreme Council, or a division level in a political party.

4. INTERNAL AUDIT

4.1 How does Paragraph 7.09 apply to the board of a CMSL holder if the internal audit function is outsourced?

Regardless of whether the internal audit function is in-house or outsourced, the requirements in Paragraph 7.09 are applicable to the board of a CMSL holder.

The relevant contents of an internal audit charter (IA Charter) should form part of the service level agreement ("SLA") between the CMSL holder and the group / external auditor.

The said SLA must be agreed upon between the CMSL holder and the group / external auditor.

Where the internal audit function is outsourced to the group level, the SLA must be concurred by the board of the CMSL holder notwithstanding it has been approved by the board at the group level.

Whereas where the internal audit function is outsourced to the external auditor, the SLA must be approved by the board of the CMSL holder.

5. OUTSOURCING

5.1 What does "the above function" in Paragraph 7.12 refer to?

"*The above function*" in Paragraph 7.12 refers to Risk Management, Compliance and Internal Audit functions under Chapter 7 of the CGGL.

6. ENQUIRIES

For any enquiries in relation to the CGGL and FAQ, you may contact:

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