Global Financial Services Regulatory Guide - Singapore

4. How do the licensing requirements apply to cross-border business in your jurisdiction?

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# How do the licensing requirements apply to cross-border business in your jurisdiction?

A firm outside Singapore that deals with a client or counterparty located in Singapore is subject to Singapore laws and regulations if it conducts activities or transacts business in Singapore or targets persons in Singapore.

Where a firm conducts its activities wholly outside Singapore, it may still be subject to Singapore laws and regulations, depending on whether the applicable statute governing that activity has extraterritorial jurisdiction. For example, under the Banking Act, no person, whether in Singapore or elsewhere, shall accept any deposit from any person in Singapore or accept or receive in Singapore any application for a credit card or charge card. Under the Securities and Futures Act (which generally regulates capital markets activities) and the Insurance Act (which regulates insurance and insurance broking business), acts done wholly outside Singapore will be subject to regulation if they have a substantial and foreseeable effect in Singapore. Under the Financial Advisers Act (which regulates financial advisory services), a person is regarded as carrying out financial advisory business in Singapore if they engage in any activity or conduct intended to or likely to induce the public in Singapore to use any financial advisory service provided by them.

Certain exemptions do apply. For example, it is not the MAS policy intent to regulate activities conducted wholly outside Singapore where the foreign entity is responding to unsolicited inquiries or applications from persons in Singapore; the foreign entity is servicing a client previously resident overseas who has subsequently become a resident in Singapore; or when the foreign entity purchases the services of, or provides services to, a regulated person. Exemption from licensing requirements may also apply for certain specific activities where the foreign firm is related to an entity regulated in Singapore.

A firm based outside Singapore should also be cautious of regulatory requirements in Singapore when conducting non-regulated activities in Singapore. Under Singapore law, any person carrying out business or having a place of business in Singapore must register the business or company in Singapore. Firms should also not transact business in Singapore under the name “bank”; carry out business in Singapore under the name “insurance,” “insurance broker” or “financial advisor”; or display the title or description “securities exchange,” “futures exchange,” “securities clearing house” or “futures clearing house” in Singapore, unless they are authorized to do so by the MAS.

There is no restriction on foreign ownership of entities carrying out regulated activities in Singapore. However, in some cases, such as fund management, dealing in capital markets products, providing financial advisory services, and payment services, the MAS will require that a company be incorporated in Singapore to obtain the license for providing such regulated services.

Where a firm is authorized to carry out regulated activities such as fund management, trading, provision of custodial services, or provision of financial advisory services, it may be required to register individuals acting on its behalf in the public register of representatives maintained by the MAS. To cater to situations where individuals ordinarily based outside Singapore may carry out regulated activities in Singapore on behalf of their firms, an individual may be appointed as a temporary representative. A temporary representative is not required to comply with certain minimum examination requirements but may not carry out regulated activities in Singapore for more than six months in any 24-month period.

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