



**GUIDELINE NO. CMU/G-1/2017/1**

**GUIDELINE ON APPLICATION FOR CAPITAL MARKETS SERVICES LICENCE AND  
CAPITAL MARKETS SERVICES REPRESENTATIVE'S LICENCE**

## **1. INTRODUCTION**

1.1 This Guideline is issued pursuant to Section 32 of the Autoriti Monetari Brunei Darussalam Order, 2010.

1.2 The objectives of this Guideline is to:

(a) Provide guidance and clarity to any applicant that wishes to apply for a CMSL or CMSRL to be endorsed to carry on business in one or more regulated activities; and

(b) Facilitate the application process for a CMSL or CMSRL.

## **2. APPLICABILITY**

2.1 This Guideline is aimed at any person who intends to apply for a CMSL or CMSRL to be endorsed to carry on business in one or more regulated activities.

2.2 The Authority expects all applicants to adhere to these Guidelines where applicable, so as to ensure consistency and efficiency in the processing of licence applications.

2.3 This Guideline is to be read together with the SMO and all applicable rules and regulations made thereunder.

2.4 This Guideline shall come into effect on 3<sup>rd</sup> November 2017.

## **3. DEFINITION OF THE TERMS**

3.1 The terms used in this Guideline shall except following meanings, except where the context otherwise requires:

<b>Term</b>	<b>Definition</b>
CMSL	means capital markets services licence;
CMSRL	means capital markets services representative's licence;

SMO means Securities Markets Order, 2013 and any regulations or other subsidiary legislation made thereunder;

SMR means the Securities Markets Regulations, 2015.

3.2 Any expression used in this Guideline shall, except where expressly defined in this Guideline or where the context requires, have the same meaning as in the SMO.

#### **4. CMSL AND CMSRL**

4.1 A company that carries on a business in any regulated activities in Brunei Darussalam is required to hold a CMSL under the SMO. Individuals who are employed by or acting for the company to carry on the regulated activity are required to hold a CMSRL under the SMO.

4.2 A CMSL holder or a CMSRL holder can only carry on any of the regulated activities as permitted by the Authority.

4.3 A CMSRL holder can only carry on the regulated activity/activities that a CMSL holder is licensed to carry on.

4.4 A CMSL and CMSRL are both only valid for a period of twelve (12) months. Nevertheless, the Authority may extend the licence tenure to thirty-six (36) months for a qualified CMSL holder and 24 months for a qualified CMSRL holder as an incentive to both a CMSL holder or CMSRL holder with high standards of corporate governance and market conduct<sup>1</sup>.

#### **5. REGULATED ACTIVITIES**

5.1 The regulated activities are specified in the Schedule – Securities and Investment Business, the SMO which are as follows:

- (a) Dealing in investments;

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<sup>1</sup> Regulation 28(4) of the SMR.

- (b) Arranging deals in investments;
- (c) Safekeeping and administration of assets;
- (d) Managing securities;
- (e) Investment advice;
- (f) Establishing collective investment schemes; and
- (g) Using computer-based systems for giving investment instructions.

5.2 The definitions of the regulated activities are provided in Part II Activities Constituting Investment Business, Schedule – Securities and Investment Business of the SMO.

## **6. CRITERIA FOR GRANT OF A CMSL**

### **General Criteria**

- 6.1 A CMSL may only be granted to a company in Brunei Darussalam.
- 6.2 A CMSL applicant should be a reputable entity that has an established track record in the proposed regulated activity to be carried on in Brunei Darussalam or in a related field.
- 6.3 Notwithstanding paragraph 6.2, where a CMSL applicant is a newly established company in Brunei Darussalam, the overall backgrounds and track records of the proposed shareholders and the senior managements will be assessed and considered by the Authority.

### **Fit and Proper**

- 6.4 A CMSL applicant must be fit and proper, as set out in section 157(5) of the SMO. In assessing whether the CMSL applicant is fit and proper, several criteria will be considered, as specified in regulation 29(2) of the SMR, which are as follows:

- (a) Honesty, integrity and reputation<sup>2</sup>;
- (b) Competence and capability<sup>3</sup>;
- (c) Financial soundness<sup>4</sup>; and
- (d) Requirements relating to competencies of representatives<sup>5</sup>.

### **Minimum Financial Requirements**

6.5 A CMSL applicant is required to satisfy the minimum financial requirements set by the Authority for any regulated activities as specified in regulation 33 of SMR. The minimum financial requirements for each regulated activity can also be found in Appendix 1 of this Guideline. The Authority retains the right to specify other minimum financial requirements in accordance with regulation 33 of the SMR.

6.6 If a CMSL applicant wishes to carry on more than one regulated activity, the minimum financial requirement applicable is cumulative.

### **Organisational Requirements**

6.7 A CMSL applicant is required to satisfy the organizational requirements as specified in regulation 34 of the SMR.

## **7. CRITERIA FOR GRANT OF A CMSRL**

### **General Criteria**

7.1 The requirements for CMSRL are set out in detail in regulation 40 of the SMR. A CMSRL applicant is required to satisfy the requirements of Part VII of the SMO and the conditions set out in regulation 40(1) of the SMR<sup>6</sup>.

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<sup>2</sup> Regulation 30 of the SMR.

<sup>3</sup> Regulation 31 of the SMR.

<sup>4</sup> Regulation 32 of the SMR.

<sup>5</sup> Regulation 40 of the SMR. Please also refer paragraph 7 of this Guideline.

<sup>6</sup> Regulation 40(1) of the SMR sets out the following conditions to be satisfied before the Authority grants a CMSRL –

7.2 In assessing competency of the applicant to carry on a regulated activity, the applicant's educational and professional background, working experience and previous track records will be considered. The requirements of a minimum academic qualification and working experience shall be determined by the Authority.

### **Licensing Examination**

7.3 A CMSRL applicant is required to pass the relevant licensing examination set by the Authority and is valid for three (3) years from the date of passing the licensing examination.

7.4 The applicant is expected to ensure that the examination results are valid at the time of the application or renewals.

7.5 A CMSRL holder may be exempted from taking the licensing examination every three (3) years by undertaking a minimum of twenty (20) points of continuing professional development in a year, on or before the anniversary date of licence.

7.6 A CMSRL applicant who has previously been granted a CMSRL and who has left the industry may reapply for a CMSRL to undertake the same regulated activity without having to retake the licensing examination set by the Authority, provided the application is made within three (3) years from the date the applicant left the industry.

7.7 A CMSRL applicant may apply for exemption from the relevant Authority's licensing examination requirements if the applicant is an individual with a distinguished service<sup>7</sup>.

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- (a) The applicant must be at least 21 years old;
  - (b) The applicant must be fit and proper and satisfy himself/herself that none of the grounds for refusal specified under the SMO or SMR apply to him/her; and
  - (c) The applicant must provide all relevant information to his/her principal to enable it to undertake the necessary due diligence before supporting his/her application in order ensure that he/she has satisfied the minimum requirements for carrying on the regulated activity.

<sup>7</sup> Distinguished service, as specified by the Authority in regulation 40(6) of the SMR, includes having –

## **Additional Criteria in Respect of the Board of Directors, Chief Executive Officer and Representatives of CMSL Applicant**

- 7.8 The senior management of a CMSL applicant should uphold good corporate governance standards and practices.
- 7.9 A CMSL applicant's board of directors should comprise a minimum of 2 directors, where at least one of them is ordinarily resident in Brunei Darussalam. Where there are more than two directors, at least two of them is ordinarily resident in Brunei Darussalam.
- 7.10 A CMSL applicant should obtain the approval of the Authority prior to appointing a person as its chief executive officer, its director who resides or is to reside in Brunei Darussalam, or its director who is directly responsible for its business in Brunei Darussalam.
- 7.11 A CMSL applicant should notify the Authority when any of its directors who were previously not directly responsible for the business of the applicant in Brunei Darussalam (or any part thereof) becomes directly responsible for the business of the applicant in Brunei Darussalam (or any part thereof) or otherwise assuming any form of employment with the applicant or vice versa.
- 7.12 A CMSL applicant should inform the Authority of any person ceasing to hold office as its chief executive officer or director.
- 7.13 A CMSL applicant should employ at least 2 full time individuals –
- (a) in respect of each regulated activity for which the company is seeking to be licensed; and

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- (a) A total of at least 20 years' working experience;
  - (b) Spent at least 10 years in the capital market or the financial services industry or in a regulatory body which regulates the capital market or the financial services industry and he/she was directly involved in the area in which exemption is applied for; and
  - (c) Held a senior management position during his/her tenure in the capital market or the financial services industry or in the regulatory body.

- (b) who are, or will be, CMSRL holders for the relevant regulated activity as required under the SMO.

## **8. FEES AND MODES OF PAYMENT**

- 8.1 A CMSL and CMSRL applicant or holder are required to pay the fees for each application and renewal of a CMSL and CMSRL and notification of any changes as specified in the SMR. The fees for the specific matters can be found in Appendix 2 of this Guideline.
- 8.2 In the event where a CMSL or a CMSRL is first granted for a period less than 6 months prior to 31st day of December, the annual fees will be prorated.
- 8.3 Payment should be made in the form of a cheque or telegraphic transfer payable to “Autoriti Monetari Brunei Darussalam”. Payment can also be made via online banking.
- 8.4 Payment made to the Authority should be accompanied with a Payment Instruction Form issued by the Authority, of which can be requested from the Authority.

## **9. SUBMISSION OF APPLICATION**

- 9.1 An applicant is required to submit to the Authority the relevant forms and documents and any other information as may be required by the Authority.
- 9.2 All submissions relating to this application and any correspondence should be addressed to:

**MANAGING DIRECTOR,  
AUTORITI MONETARI BRUNEI DARUSSALAM,  
LEVEL 7, MINISTRY OF FINANCE BUILDING,  
COMMONWEALTH DRIVE,  
BANDAR SERI BEGAWAN BB3910,  
BRUNEI DARUSSALAM.**



Attention to:  
**CAPITAL MARKET UNIT,  
REGULATORY DEPARTMENT.**

**MANAGING DIRECTOR  
AUTORITI MONETARI BRUNEI DARUSSALAM**

Issue Date:           Safar 1439/           November 2017

## APPENDIX 1: MINIMUM FINANCIAL REQUIREMENTS FOR CMSL APPLICANT

Regulated Activity	Minimum Base Capital
Dealing and arranging deals in investments as principal or agent	<ul style="list-style-type: none"> <li>• Minimum base capital of \$2,000,000 where the company is incorporated in Brunei Darussalam; or</li> <li>• Net head office funds of \$2,000,000 where the company is a foreign branch.</li> </ul>
Managing investment including Collective Investment Scheme management and establishing, operating or winding up a collective investment scheme	<ul style="list-style-type: none"> <li>• Minimum base capital of \$300,000 where the company is incorporated in Brunei Darussalam;</li> <li>• Net head office funds of \$300,000 where the company is a foreign branch; or</li> <li>• 10 per cent of aggregate margins required.</li> </ul>
Giving or offering investment advice in his capacity as an investment adviser or financial planner	<ul style="list-style-type: none"> <li>• In the case of an investment adviser, minimum base capital of \$250,000 where the company is incorporated in Brunei Darussalam, or net head office funds of \$250,000 where the company is a foreign branch; or</li> <li>• In the case of a financial planner, minimum base capital of \$100,000 where the company is incorporated in Brunei Darussalam or net head office funds of \$100,000 where the company is a foreign branch.</li> </ul>
Using computer-based systems for giving investment instructions	Determined by the Authority.
Safekeeping and administration of assets including custodial services	Determined by the Authority.

**APPENDIX 2: FEES FOR APPLICATION AND RENEWAL OF CMSL AND CMSRL AND NOTIFICATION OF ANY CHANGES**

No.	Matter	Amount	
		Application	Annual
1	<b>CMSL</b>		
	(a) each regulated activity	\$500	\$2000
	(b) additional regulated activity	\$300	\$2000
2	<b>CMSRL</b>		
	For each regulated activity	\$100	\$100
3	<b>Miscellaneous</b>		
	Notification of ANY changes in particulars including –	\$50	
	(a) amendments to the prospectus; and		
	(b) subsequent changes in registration statements (public offering of securities)		