

FMRP — Study Guide

A concise guide to the Financial Markets Regulatory Practices examination: the conduct, control and market-practice expectations for wholesale financial-market activity in Singapore. It condenses the official study guide into what the examination tests, section by section.

- Exam: 100 multiple-choice questions, 2 hours, 75% to pass. (The syllabus stub in this repo prints 70%; the current IBF pass mark is 75%, and the mock grades against it.)
- Currency of the rules: the official guide states its rules as updated at 8 May 2018. Confirm the current MAS, IBF, statutory and market-practice requirements before relying on a point operationally.

How to use this guide

- Every chapter ends with Exam cues — what is tested, the deciding distinction and the common trap.
- The subject is a control chain: know the market and authority → act ethically → protect information → govern and measure risk → execute fairly → confirm and settle → manage disruption → preserve benchmark integrity. A strong answer names the role, authority, information boundary, control, escalation path and record.
- The guide's Appendix A questions are for familiarisation with scope and format; they do not cover all examinable material.

Chapter 1 - Introduction

This chapter establishes the market map: what the markets do, who participates, which institutions regulate or support them, and why authority must be checked activity by activity.

1.1 Introduction to this Guide

The FMRP syllabus sets the conduct, control and market-practice expectations for wholesale financial-market activities in Singapore. It is a study aid, not a substitute for the legislation, MAS notices, contractual documents or the employer's procedures.

1.2 Financial Markets Structure

Financial markets connect providers and users of capital and liquidity. A dealer must understand both the product being traded and the institutional roles that make execution, risk transfer, settlement and supervision possible.

1.2.1 What Are Financial Markets?

Financial markets are organised or over-the-counter venues in which participants raise funding, invest, hedge exposures, manage liquidity and transfer risk. Prices are formed through orders, quotes, transactions and information, subject to applicable conduct rules.

1.2.2 Types of Financial Markets

The covered markets are equity, debt, foreign-exchange, money-market, derivatives and government securities. The Blue Book focus — the syllabus scope — is wholesale FX, NDFs, money-market instruments, debt securities, SGS and OTC derivatives, rather than equity-market conduct generally.

1.3 Functions of Key Players and Institutions

Each institution performs a different intermediation, risk-pooling, advisory, custody, trust or payment function. Correctly identifying a counterparty's role determines the licensing, conduct and settlement controls that apply.

| Institution | Function | Key limit |
| Banks | deposits, payments, credit, market-making, liquidity | subject to banking supervision and any capital-markets licence or exemption |
| Inter-Dealer Brokers (IDBs) |

intermediate between participants, relay bids/offers, preserve anonymity, aid price discovery | must not take proprietary positions, misrepresent a quote, disclose a name early or impose their own dealing terms | Finance companies | financing without being banks | permissions differ from a bank's | Insurance companies | pool policyholder risk, invest premiums | primary obligations arise from insurance, not banking | Capital-markets intermediaries | execute, arrange or advise on securities/derivatives | must operate within the activities for which they are licensed or exempt | Financial advisers | advise or arrange advice on investment products | advice must be suitable and free of misleading promotion or undisclosed conflicts | Insurance brokers | intermediate between policyholders and insurers | distinct from an insurer and a securities dealer | Trust companies | hold or administer property for beneficiaries | require segregation, documentation and attention to authority | Money-changing and remittance | currency conversion and cross-border transfer | permissions and AML duties differ from a bank's or CMS holder's

1.4 Regulatory Bodies and Regulatory Framework in Singapore

The framework combines legislation, MAS rules and notices, professional codes, market conventions and internal controls. The applicable obligation depends on the activity, institution, product, customer and location of the conduct.

1.4.1 Central Banks and MAS

MAS is Singapore's central bank and financial regulator. It supervises monetary and financial stability, regulates relevant institutions and publishes notices, guidelines and directions supplementing primary legislation.

1.4.2 Types of Banking Licences issued by MAS

Singapore banking licences include full-bank and other categories with different permissions and restrictions. Verify the institution's actual status rather than assume that a bank, merchant bank or foreign bank can undertake every activity.

1.4.3 Registration and Licences for Regulated Activities

A regulated activity may require a licence, registration, exemption or an activity-specific approval. The correct question is whether the person and institution are authorised for the particular service and product — not simply whether they are a financial institution.

1.4.4 CMS Licences

A CMS licence authorises specified capital-markets services under the SFA, subject to conditions and conduct requirements. Merchant banks and other institutions should be assessed against the relevant licensing or exemption position for each activity.

1.5 Professional Bodies

Professional bodies supplement formal regulation with shared standards, training and market conventions. Their materials do not displace legislation but help apply consistent wholesale-market practices.

Body | Role

SFEMC | develops and maintains the Singapore wholesale-market guide, addresses market-practice issues, can coordinate the market during disruption

Codes of conduct | integrity, professionalism, fair dealing, confidentiality, execution, settlement and benchmark conduct

ACI | professional standards and education for treasury and financial-market professionals

ABS | represents banks, publishes industry guidance including rate-setting benchmark materials

IBF | competency standards, accreditation and continuing professional development

Exam cues

- Check authority activity by activity: the correct question is whether the person and institution may do this service for this product.
- IDBs must not take proprietary positions, misrepresent quotes, disclose names early or impose their own terms.
- Blue Book scope: wholesale FX, NDFs, money-market instruments, debt securities, SGS and OTC derivatives — not equity-market conduct.
- Professional bodies (SFEMC, ACI, ABS, IBF) supplement but never displace legislation or MAS rules.
- Trap: holding a banking licence does not authorise every capital-markets activity.

Chapter 2 - Ethics, Behavioural Standards and Professional Conduct

This chapter treats personal conduct as part of market infrastructure. The central exam habit is to identify the conflict or customer risk, apply the control, disclose or escalate, and preserve evidence.

2.1 Introduction

Ethics is a control system as well as a personal value. A technically correct trade can still be unacceptable if it involves deception, undisclosed conflict, misuse of information, unfair customer treatment or a failure to escalate concerns.

2.2 Fit and Proper Guidelines and Disclosure Requirements

Fit-and-proper assessment covers honesty, integrity, reputation, competence, capability and financial soundness. Representatives and institutions must disclose material changes and maintain evidence supporting their continuing suitability.

2.2.1 Honesty, Integrity, Reputation

Past misconduct, dishonesty, regulatory breaches, criminal conduct or misleading disclosures can affect fitness. The assessment considers seriousness, relevance, recency, repetition, remediation and the person's candour.

2.2.2 Competency and Capability

A representative must have the knowledge, skills, experience, supervision and resources needed for the activity. Passing an examination alone does not justify dealing beyond one's competence or authority.

2.2.3 Financial Soundness

Financial distress, insolvency, unmanaged debt or conflicts created by personal financial pressure can impair judgement and increase conduct risk. Relevant information must be disclosed and assessed under the applicable guidelines.

2.2.4 Change of Particulars and Additional Regulated Activity

Changes in personal particulars, employment, role, responsibility or regulated activity must be reported through the prescribed process. A person should not begin a new regulated activity before the required approval, notification, training or licensing step is complete.

2.3 Conflicts of Interest and Ethical Standards

Conflicts must be identified, avoided where possible, controlled and disclosed where necessary. The client's or market's interest cannot be subordinated to a representative's compensation, relationship, personal position or convenience.

2.3.1 Acting for Only One Principal

A representative should act for the principal for whom he or she is authorised and must not secretly serve competing principals or use one principal's confidential information for another. Dual roles require explicit authorisation and controls.

2.3.2 Personal Relationships

Family, friendship and other close relationships can create actual or perceived conflicts. The proper response is disclosure, recusal, reassignment or another documented control, not informal concealment.

2.3.3 Entertainment, Gifts and Favours

Gifts, hospitality and favours must be reasonable, transparent, permitted by policy and incapable of influencing business judgement. Excessive or secret benefits can be inducements or corruption risks.

2.3.4 Personal Dealing

Personal trades require compliance with dealing restrictions, pre-clearance where required, disclosure of accounts and protection of customer orders. Representatives must not trade ahead of customers, misuse information or create a conflict with their professional role.

2.3.5 Disclosure of Interests

A representative should disclose relevant ownership, financial interests, relationships and other conflicts so the firm can assess and manage them. Disclosure is not a licence to proceed without controls.

2.3.6 Bets and Gambling

Gambling and betting can impair judgement, create financial pressure or undermine confidence in a representative. Policies and fit-and-proper standards may require restrictions, disclosure or escalation.

2.3.7 Promotion of Ethical Practices, Values and Conduct

Management should set a tone of integrity, train staff, reward sound conduct, monitor behaviour and make escalation safe. Ethical culture is evidenced by decisions and controls, not by a policy statement alone.

2.4 Professional Knowledge

Professional knowledge includes products, conventions, laws, codes, risk, systems and the limits of one's authority. Ongoing learning is necessary because market conventions, technology and regulation change.

2.5 Dealings with Customers

Customer dealings must be fair, clear, timely and consistent with the agreed mandate. Representatives should explain material risks, disclose principal capacity, safeguard customer money and assets and avoid misleading omissions.

2.5.1 Risk Disclosure

Required risk disclosures should be provided before the relevant activity, in a form the customer can understand. A risk disclosure is not effective if it is hidden, inaccurate or contradicted by the representative's explanation.

2.5.2 Managed Account Disclosures

Managed-account customers need clear information about the mandate, discretion, fees, risks, valuation and reporting. The representative must operate within the mandate and disclose material changes or conflicts.

2.5.3 Dealing as Principal

When a market participant deals as principal, it is the customer's counterparty rather than merely an agent. The capacity, price basis, conflicts and relevant terms should be made clear before the trade.

2.5.4 Customer Money and Assets

Customer money and assets must be held, recorded and used only as permitted. They cannot be diverted for the firm's convenience or another customer's benefit, and reconciliations and segregation controls are essential.

2.6 Reporting of Misconduct

Suspected misconduct should be recorded, escalated through approved channels and reported to MAS where the applicable notice requires a report. Staff should not investigate in a way that compromises evidence or alert a subject improperly.

Exam cues

- Fit-and-proper test: honesty, integrity and reputation; competence and capability; financial soundness. Consider seriousness, relevance, recency, repetition and candour.
- Conflicts: identify → avoid → control → disclose; never serve competing principals, use one principal's information for another, or act on undisclosed personal interests.
- Customer dealings: explain material risks before the activity, in a form the customer understands; disclose when dealing as principal (the customer's counterparty) versus agent.
- Customer money and assets: hold, record and use only as permitted; segregation and reconciliation are essential.
- Reporting misconduct: escalate through approved channels and report to MAS where a notice requires it.
- Trap: a risk disclosure hidden, inaccurate or contradicted by the representative's explanation is not effective.

Chapter 3 - Confidentiality and Information Sharing

Distinguishing useful market colour from protected information. The examination tests what is confidential, when disclosure is allowed and what must never be used as colour.

3.1 Introduction

Confidentiality protects customers, counterparties, the firm and the integrity of price formation. The relevant question is not simply whether information is interesting, but whether it identifies a party, order, position, strategy or protected business fact.

3.2 Identify and Limit Access to Confidential Information

Firms should classify confidential information, limit access on a need-to-know basis, maintain information barriers and protect physical and electronic records. Anonymity can be lost through seemingly harmless combinations of facts.

3.2.1 Identify Confidential Information

Names, order details, positions, pricing matrices, client strategies and information that can identify a customer or counterparty are confidential. Publicly observable general market information is different from protected customer-specific information.

3.2.2 Limit Access and Protect Confidential Information

Access should be role-based, monitored and removed when no longer needed. Encryption, secure channels, clean-desk practices, access reviews and controlled information barriers reduce accidental or deliberate disclosure.

3.3 Disclosure of Confidential Information

Disclosure requires a legal, regulatory, contractual or legitimate business basis. A representative should disclose only what is necessary, to the right recipient, through an approved channel and with appropriate records.

3.3.1 Allowable Disclosures

Allowable disclosures may include those required by law, regulators, courts, law-enforcement processes or a permitted business purpose. A request from another market participant is not, by itself, authority to disclose.

3.3.2 Prudence before Disclosure

Before disclosing, confirm the recipient, authority, scope and sensitivity. When uncertain, pause and consult compliance or legal; do not invent a misleading answer merely to avoid giving the information.

3.4 Communication Practices

Market communication must be clear, accurate, professional and not misleading. Records should allow the firm to reconstruct what was said, to whom, when, through which channel and with what authority.

3.4.1 Clear, Accurate, Professional, Not Misleading

A representative must not make false statements, create a misleading impression, hide a material qualification or present opinion as fact. Partial execution and uncertainty should be explained accurately without revealing protected information.

3.4.2 Market Colour Appropriately

Market colour can describe general liquidity, flow, direction, volatility or execution conditions without identifying a customer or a specific order. Customer names, exact amounts and traceable order details must not be used as colour.

3.4.3 Approved Communication Modes/Channels Use approved recorded channels and systems for dealing and material instructions. Personal messaging, unapproved devices and informal channels create evidential, surveillance and confidentiality risk.

3.5 Training

Training should cover confidentiality, anonymity, communication, escalation and practical scenarios. It should be refreshed and evidenced, with heightened training for staff who access sensitive information.

Exam cues

- The answer is rarely “say nothing” or “tell everyone”: it is a precise, minimum-necessary and authorised communication.
- Allowable disclosures: law, regulators, courts, law enforcement or a permitted business purpose. A peer’s request is not authority.
- Market colour describes general conditions without identifying a customer or order — no names, exact amounts or traceable details.
- Channels: use approved, recorded platforms; personal messaging creates evidential and surveillance risk.
- Trap: a misleading answer invented to avoid disclosing information is itself a breach — pause and consult compliance instead.

Chapter 4 - Governance, Risk Management and Compliance

Institutional controls: governance and accountability, risk frameworks, key risk types and AML/KYC. The examination tests who is accountable, how limits and models are controlled, and the AML obligations.

4.1 Governance Structure

Governance assigns accountability, authority and challenge across the board, senior management, front office, risk, compliance, operations and audit. Controls are stronger when responsibilities and escalation paths are explicit.

4.2 Remuneration Structure

Pay structures should not reward volume or short-term profit in a way that encourages misconduct, hidden risk or customer harm. Deferrals, malus, clawback and balanced performance measures can align incentives with sound conduct.

4.3 Reporting Misconduct/Inappropriate Behaviour

Firms need confidential reporting, investigation and escalation routes. Retaliation should not deter good-faith reporting, and records should preserve facts and decisions.

4.4 Segregation of Duties

Front, middle and back office roles should be separated by responsibilities, information barriers and system permissions. Separation does not mean no communication; it means communication is controlled and no one person can originate, process and conceal a transaction.

4.5 Overview Risk Management and Compliance

Risk management identifies, measures, limits, monitors and reports risk. Compliance interprets obligations, tests adherence, advises the business and escalates breaches. Both functions need independence, resources and access to information.

4.6 Risk Management Frameworks

A framework links risk appetite to limits, controls, monitoring, validation, escalation and remediation. It should cover normal and stressed conditions and be understood by the people who make and control trades.

4.6.1 Approval of Risk Limits

Limits should be approved by the appropriate authority, documented, assigned to a person or desk and reviewed when the business or risk profile changes. Informal limit increases are not a substitute for approval.

4.6.2 Implementation of Risk Measures

Risk measures may include notional, sensitivity, stop-loss, stress, liquidity, counterparty and concentration measures. They must be implemented in systems and procedures that are complete, timely and resistant to override.

4.6.3 Monitoring Risk Activity

Monitoring compares current activity with limits, exposures, P&L, exceptions and stress results. Breaches should be escalated promptly, investigated and resolved, rather than normalised through repeated overrides.

4.6.4 Periodic Validation of Valuation Models

Valuation models need independent validation, documentation, testing, input governance and periodic review. Changes in products, markets or assumptions can make a previously reliable model unsuitable.

4.7 Framework for Compliance and Review

Compliance frameworks translate laws, notices and codes into policies, controls, training, surveillance, testing, issue management and reporting. Reviews should be risk-based and tracked to closure.

4.8 Ensuring Adherence

Adherence is demonstrated through supervision, monitoring, exception reports, attestations, reconciliations, training and disciplinary action where necessary. A policy without evidence of operation is a weak control.

4.9 Key Risk Types

Market, credit/counterparty and operational risks interact. A position can be profitable while creating settlement, liquidity, conduct or model risk, so risk assessment must not focus on price movement alone.

4.9.1 Market Risk

Market risk is the risk of loss from adverse movements in rates, prices, spreads, volatility or correlations. It is managed with limits, hedging, valuation, stress testing and timely escalation.

4.9.2 Credit/Counterparty Risk

Counterparty risk is the risk that the other party fails to perform. Limits, netting, collateral, margin, settlement controls, credit review and close-out rights reduce exposure.

4.9.3 Operational Risk

Operational risk arises from failed or inadequate people, processes, systems or external events. Examples include erroneous trades, weak access controls, processing failures, fraud and business interruption.

4.10 AML/KYC

AML/KYC controls identify customers, beneficial owners, purpose, source of funds and unusual activity. They are ongoing controls, not a one-time account-opening formality.

4.10.1 AML

AML programs use risk-based customer due diligence, screening, transaction monitoring, suspicious-transaction escalation, record retention and staff training. Tipping off a customer about a report can itself be prohibited.

4.10.2 Regulatory Framework of Financial Crimes

The framework includes Singapore statutes and MAS notices addressing laundering, terrorism financing, confiscation, mutual assistance and related financial crime. The firm must apply the current rule to the relevant institution and activity.

4.10.3 Customer Onboarding

Onboarding verifies identity, authority, beneficial ownership, risk rating, purpose and expected activity before access is granted. Missing or inconsistent information should be resolved or escalated — never ignored to meet a sales target.

Exam cues

- Three lines: front office (1st), risk/compliance (2nd), independent audit (3rd); the board and senior management retain accountability.
- Risk framework: approved limits → implemented measures → monitoring → independent model validation → remediation.
- Three key risks: market (adverse moves), credit/counterparty (failure to perform), operational (people, processes, systems, events).
- Remuneration: deferrals, malus and clawback counter misconduct incentives.

- AML/KYC is ongoing, not a one-time formality; tipping off is itself prohibited.
- Trap: a breach normalised through repeated overrides is still a breach.

Chapter 5 - Execution and Handling of Orders

The largest market-practice chapter. Learn the general dealing principles first, then apply them to misconduct, FX, NDF, money-market, debt-security and SGS conventions. The examination tests the conventions and the misconduct prohibitions.

5.1 General Dealing Principles and Market Conduct

Execution requires fair dealing, accurate quotes, clear authority, reliable records and disciplined handling of orders. A representative must know whether a communication is indicative or firm and must honour commitments within the applicable convention.

5.1.1 Rates and Quotes

A quote should identify the relevant product, side, amount, tenor, value date and conditions when those features affect price. Quotes must not be misleading, and a dealer should clarify ambiguity before treating a response as a deal.

5.1.2 Dealing Amounts

Marketable amounts and minimum dealing sizes are conventions, not permission to mislead. A dealer should state the amount available, respect limits and promptly correct a genuine error through the approved process.

5.1.3 Discovering Names from IDBs

An IDB may preserve anonymity during price discovery, but a name is disclosed at the appropriate point under market convention and credit controls. A dealer must not use a name to bypass limits or disclose it improperly.

5.1.4 Direct Dealing

Direct dealing requires clear identification of the parties, authority, terms and capacity. Both sides should understand whether the quote is firm, the trade is done and which settlement instructions apply.

5.1.5 Electronic Trade Conventions

Electronic platforms have specific rules for quote validity, deal acceptance, timestamps, error handling and confirmations. Users must understand the system's status messages and must not exploit an obvious technical error.

5.1.6 Handling Customer Orders

Customer orders should be time-stamped, prioritised and executed fairly within the mandate. Front running, withholding, selective disclosure, unjustified aggregation and misleading partial fills are prohibited or highly risky.

5.2 Market Misconduct

Market misconduct includes using inside information, manipulating price or volume, misleading other participants, misusing customer orders and creating artificial transactions. Intent, knowledge, effect and surrounding conduct all matter.

5.2.1 Insider Trading

Insider trading involves trading or communicating while in possession of material non-public information in breach of duty or law. Confidential customer and issuer information must be controlled and escalated.

5.2.2 Front Running

Front running is trading or arranging a trade ahead of a known customer order to benefit from the expected price effect. Customer order information must not be used for the representative's or another customer's advantage.

5.2.3 Withholding Orders

An order should not be withheld to improve a dealer's position, favour another customer or manipulate price. Any delay must have a legitimate, documented reason consistent with the mandate and market rules.

5.2.4 Disclosure of Customer Orders

A customer order is confidential. It may be disclosed only under a permitted basis and only to the extent necessary for execution, risk management, settlement, legal obligation or another legitimate control purpose.

5.2.5 Bucketing

Bucketing occurs when an intermediary takes the opposite side or otherwise handles a customer order without executing it as represented, often concealing whether the order reached the market. Accurate capacity and execution records are essential.

5.2.6 Price Manipulation/Cornering

Manipulation and cornering create an artificial price or control supply to force others to transact at distorted levels. Genuine competitive trades are different from a plan to create a false market.

5.2.7 False Trading

False trading creates or maintains an appearance of active trading or price movement without genuine economic purpose. Wash trades, matched orders and sham transactions can be evidence of this conduct.

5.2.8 Fraudulently Inducing Persons to Trade

A person must not use false statements, deceptive promises or material omissions to induce another participant to trade. Market commentary should be accurate, balanced and clearly identified as opinion where appropriate.

5.2.9 Fraudulent/Deceptive Devices

Devices or schemes that deceive, manipulate or circumvent market rules are prohibited even if they do not fit a single named example. A dealer should escalate unusual strategies designed to create a false impression.

5.2.10 Dissemination of Illegal Transaction Information

Information about an illegal or prohibited transaction must not be disseminated to encourage, conceal or repeat the conduct. Escalation and preservation of evidence are the appropriate responses.

5.2.11 Points and Positions Parking

Parking points or positions can conceal risk, shift P&L or misstate a firm's true exposure. Temporary transfers still require genuine economic purpose, authority, documentation and risk assessment.

5.3 Risk Controls and Audit

Execution controls include deal checks, confirmations, out-trade handling, complaints, arbitration and disciplined error cancellation. Controls should be contemporaneous and independently checkable.

5.3.1 Intraday Deal Checks/Confirmations

Intraday checks compare the dealer's records with counterparties and systems while errors can still be corrected. A confirmation is a control, not merely an administrative document.

5.3.2 Articulation of Deal Confirmations

Confirmations should state the complete economic terms, parties, capacity, value dates, settlement details, fees and any special conditions. Ambiguity should be resolved promptly through an approved channel.

5.3.3 Out-trades

An out-trade is a mismatch between the parties' records or trade terms. It should be escalated and reconciled promptly without silently changing records or allowing settlement to proceed on an unverified basis.

5.3.4 Complaints

Complaints should be acknowledged, recorded, investigated independently where appropriate and resolved under the firm's process. A representative must not discourage a customer from complaining or alter evidence.

5.3.5 Arbitration

Where a market convention or contract provides arbitration, the parties should follow the agreed procedure, preserve evidence and respect the decision. Arbitration is not a reason to bypass routine confirmation and escalation.

5.3.6 Cancellations/Error Trades

Cancellation is not automatic simply because a price moved or a party regrets a trade. Genuine errors should be handled under the applicable convention, with both parties' agreement where required and full records.

5.4 FX Dealing

FX dealing uses conventions for trading hours, value dates, swaps, options, disruptions and rate setting. The dealer must know currency-pair conventions and state non-standard terms explicitly.

5.4.1 Trading Hours

The wholesale FX week generally opens at 0500 Sydney time on Monday and runs until 1700 New York time on Friday, subject to conventions and holidays. Local desk hours are not the same as the global market convention.

5.4.2 Value Dates

Spot, tomorrow-next and forward value dates depend on currency calendars and business-day conventions. A dealer must check both currencies and communicate any non-standard date.

5.4.3 Disruptions/Unforeseen Holidays

An unforeseen holiday or payment-system disruption can prevent normal value or settlement. Parties should communicate, follow agreed or recommended procedures and avoid unilateral changes that create avoidable risk.

5.4.4 FX Swap Dealing

An FX swap exchanges currencies on a near leg and reverses the exchange on a far leg. The near-leg spot rate, swap points, value dates and counterparties should be agreed and recorded clearly.

5.4.5 FX Swap Rate Setting

Swap pricing should reflect the agreed spot rate, market swap points, value dates and the convention for setting the far-leg rate. The price maker should not manipulate or delay rate setting after the deal is done.

5.4.6 Off-Market Rollovers

An off-market rollover changes a position at a rate not representative of the market and requires a legitimate reason, transparency, approval and appropriate documentation. It must not conceal a loss or transfer value unfairly.

5.4.7 Currency Options

Currency options create asymmetric rights and obligations and may include premium, strike, expiry, exercise and settlement conventions. The customer should understand the risk and the dealer must document the agreed terms.

5.5 NDF

NDFs are cash-settled forward contracts in a non-deliverable currency. Fixing sources, quotation direction, fixing date, maturity and settlement amount must be unambiguous.

5.5.1 NDF Trading Hours

NDF dealing follows the relevant market's conventions and fixing window. A dealer should confirm whether the market is open, the quotation convention and the time used for the fixing.

5.5.2 NDF Disruptions

If the fixing source or market is disrupted, the contract's fallback or disruption provisions apply. Parties should document the event, communicate promptly and avoid inventing a fixing unilaterally.

5.5.3 Quoting Conventions

NDF quotes must state the currency pair, direction, rate units, notional currency, tenor and whether the quote is firm or indicative. A quote that reverses the convention can create a material error.

5.5.4 Fixing/Maturity Dates

The fixing date determines the reference rate used to calculate the cash difference, while maturity or settlement follows the contract convention. They should not be treated as interchangeable dates.

5.5.5 Settlement/Fixing

NDF settlement is normally the net cash difference between the contracted rate and fixing rate, converted and paid according to the agreed convention. The dealer must check sign, currency and payment date.

5.6 Money Market

Money-market dealing depends on precise value date, tenor, day-count, rate basis, amount and settlement conventions. Small ambiguities can change interest or principal materially.

5.6.1 Value Dates

Quotes should state or make clear the standard value date, maturity, tenor and marketable amount. Counterparties should confirm the precise settlement dates to avoid different interpretations.

5.6.2 Interest Rate Options

Interest-rate option conventions should state whether a delta hedge is assumed, how premium and settlement work and what underlying rate or instrument applies. Non-standard assumptions must be explicitly agreed.

5.7 Debt Securities

Debt-securities dealing requires clarity on settlement, clean or dirty price, accrued interest, coupon periods, value dates, holidays and clearing platform. A price cannot be understood without its quotation convention.

5.7.1 Value Dates/Settlement/Holiday

Settlement dates follow the relevant market calendar and holiday rules. A holiday affecting the currency, security or settlement platform can change the due date and should be identified before execution.

5.7.2 Price Quotations

Debt-security prices should state the quote basis, units and whether accrued interest is included. The buyer and seller must be able to calculate the same consideration from the quote.

5.7.3 Interest Accrual

Accrued interest compensates the seller for coupon earned since the last coupon date. It depends on the day-count convention, dates and coupon terms and should be included or excluded consistently.

5.7.4 Coupon Period

Coupon periods determine payment dates and accrual. Irregular first or last periods, ex-coupon periods and business-day adjustments require attention to the security terms.

5.7.5 Clearing/Settlement Platform

The agreed clearing and settlement platform affects instructions, cut-offs, eligibility and finality. The correct platform and account details should be captured in the confirmation.

5.8 SGS

Singapore Government Securities dealing follows MAS rules, SGS market practices, quotation and lot conventions, trading hours and securities-lending arrangements. Compliance is required even where the trade is between sophisticated institutions.

5.8.1 Compliance Rules

Dealers must follow applicable MAS requirements and market-conduct standards when dealing in SGS. A government security is not exempt from controls on misleading dealing, settlement or records.

5.8.2 Guidelines/Directives

The SGS rules and market-practice guide set operational conventions and expectations. Dealers should use the current version and escalate conflicts between a local practice and a binding directive.

5.8.3 Trading Hours

SGS trading hours and cut-offs affect quote validity, confirmation and settlement. A dealer should not assume that FX or money-market hours apply to SGS.

5.8.4 Price Quotations

SGS price quotations must follow the market convention, including price or yield basis, tick size and any accrued-interest treatment. The quote should be sufficiently clear to avoid a calculation dispute.

5.8.5 Market Lot Transactions

Market-lot and odd-lot conventions determine whether an order is within the standard dealing size and how it may be executed. The dealer should state any non-standard amount and obtain agreement.

5.8.6 Securities Borrowing/Lending

Securities borrowing and lending transfers securities against collateral under agreed terms. It must be documented, authorised and controlled for counterparty, collateral, settlement and recall risk.

5.9 Restrictions against Lending SGD

MAS notices restrict certain SGD lending to non-resident market participants. Dealers must identify the borrower, transaction structure and exemptions before arranging an SGD loan or an FX swap that has the same economic effect.

5.10 Specific Execution Requirements

IDBs, prime brokers and electronic-platform providers create distinct execution and control responsibilities. The firm should understand each intermediary's role, authority, records and risk limits.

5.10.1 IDBs

An IDB should relay special conditions accurately, preserve the sequence and integrity of quotes, disclose names at the proper point and avoid proprietary dealing. The principal remains responsible for its own authority and limits.

5.10.2 Prime Brokers

Prime-broker arrangements centralise execution, clearing or settlement while allocating obligations among the client, executing dealer and prime broker. Authority, give-up, margin, limits and default provisions must be clear.

5.10.3 E-Trading Platform Providers

Platform providers need controls for access, capacity, cyber risk, timestamp integrity, order handling, outages, error trades and audit trails. Users must understand the platform rules before relying on automated execution.

Exam cues

- Misconduct list: insider trading, front running, withholding orders, disclosing customer orders, bucketing, price manipulation/cornering, false trading, fraudulent inducement, deceptive devices, illegal-transaction information and points/positions parking.
- FX week: opens 0500 Sydney Monday, closes 1700 New York Friday. Value dates depend on both currencies' calendars.
- FX swaps: near leg plus far leg; the far-leg rate follows the agreed spot and market swap points. Off-market rollovers must have a legitimate reason, transparency and approval.

- NDF: cash-settled on the difference between contracted rate and fixing rate; state currency pair, direction, units, notional currency, tenor and firm/indicative status. Fixing date $\neq$ maturity date.
- Debt securities: a price is meaningless without its basis — clean or dirty, accrued interest, day-count and settlement date.
- SGS: its own MAS rules, market-practice guide, trading hours and lot conventions — do not assume FX or money-market hours apply.
- SGD lending restriction: identify the borrower, structure and exemptions before arranging an SGD loan or an economically equivalent FX swap.
- Trap: a genuine error is corrected through the approved process and both parties' agreement — cancellation is not automatic because a price moved.

Chapter 6 - Confirmation and Settlement

Controls over the trade after execution. Good confirmation and settlement reduce ambiguity, operational error, liquidity pressure, fraud and counterparty exposure. The examination tests the controls and the key data.

6.1 Confirmation and Settlement Systems/Frameworks

Systems should support timely, accurate confirmation and settlement through the full transaction lifecycle. Capacity, straight-through processing and data integrity are control objectives, not merely technology preferences.

6.1.1 Processing Capacity

Capacity should handle normal and peak volumes, including market disruption. Capacity planning, testing, monitoring and contingency arrangements reduce operational and settlement risk.

6.1.2 STP

Straight-through processing passes accurate data from trade capture to confirmation, settlement and accounting with minimal manual re-entry. Exceptions still require controlled human review.

6.1.3 Data Integrity

Trade data should be complete, accurate, consistent, authorised and protected from unauthorised change. Reconciliations, validation and audit trails help detect corruption or processing errors.

6.2 Confirmation Procedures

Confirmations should be generated as soon as practicable, independently checked where appropriate and matched against the counterparty. The procedure should address block trades, discrepancies and product-specific data.

6.2.1 Segregated Functions

The person who executes a trade should not have unrestricted control over confirmation, settlement and reconciliation. Segregation reduces the ability to hide errors or fraud.

6.2.2 As Soon As Practicable

Timely confirmation reduces uncertainty and allows errors to be corrected before value date. The appropriate timing depends on product and convention, but avoidable delay is a control weakness.

6.2.3 Key Confirmation Data

Key data includes parties, capacity, product, amount, price or rate, trade and value dates, settlement currency, payment instructions, fees, netting and special terms. Missing data can change the economics.

6.2.4 Single Party

Where a single party is responsible for producing a confirmation or matching record, the process should still include independent controls, counterparty communication and exception monitoring.

6.2.5 Auto-Generated

Auto-generated confirmations can improve speed and reduce re-keying, but only if source data, templates, access rights, change controls and exception handling are reliable.

6.2.6 Block Transactions

Block trades need an allocation process that preserves the economics, identifies each beneficiary and controls the timing and accuracy of confirmations. Unallocated blocks should not be allowed to obscure exposure.

6.2.7 Discrepancy Resolution

A mismatch should be investigated, documented and resolved by authorised staff. The firm should not silently amend records or let an unresolved discrepancy pass through settlement.

6.2.8 Product-Specific

Confirmation content must reflect the product: options need exercise and premium terms, swaps need both legs, NDFs need fixing provisions, and securities need price and accrued-interest conventions.

6.3 Settlement Procedures

Settlement procedures reduce principal, liquidity, operational and counterparty risk through reliable instructions, controls, netting, payment authorisation and monitoring.

6.3.1 Mitigating Settlement Risk

Use delivery-versus-payment where available, valid standing instructions, cut-off monitoring, segregation, confirmation matching and escalation of late or failed payments.

6.3.2 Netting

Netting reduces the number and value of payments when legally and operationally available. The firm must confirm enforceability, scope, currency, cut-off and the parties covered by the netting arrangement.

6.3.3 Direct Payments

Payments should normally go to the counterparty or its approved account. A third-party payment requires a valid, documented reason, appropriate approval and controls against fraud and money laundering.

6.4 Standing Settlement Instructions

SSIs should be verified, authorised, changed through controlled procedures and independently checked. A last-minute instruction change is a common fraud risk and must not be accepted casually.

6.5 Nostro Balance Requirements

Nostro accounts must have sufficient balances and monitoring to make expected payments. Forecasts, intraday liquidity, cut-offs and escalation for shortfalls protect settlement performance.

6.5.1 SGD Payments

SGD payments require attention to local settlement systems, MAS or market cut-offs, payment instructions and contingency procedures. A disruption should be managed with the agreed market process.

6.6 Account Reconciliation

Reconcile nostro, custody, trading and accounting records promptly. Breaks should be aged, investigated, assigned and escalated; a reconciliation that is only performed after a loss is not an effective control.

6.7 Late-Payment Penalties

Late-payment terms and penalties should be clear in the trade or governing agreement. The firm should calculate, communicate and settle them accurately, while escalating repeated failures.

Exam cues

- Control objectives: timely, accurate confirmation and settlement — capacity, straight-through processing and data integrity.
- Segregation: the person who executes must not control confirmation, settlement and reconciliation.
- Key confirmation data: parties, capacity, product, amount, price/rate, trade and value dates, settlement currency, payment instructions, fees, netting and special terms.
- Standing Settlement Instructions: verify, authorise and independently check; a last-minute instruction change is a common fraud risk.
- Settlement controls: delivery-versus-payment, netting (only where legally enforceable), payments to the counterparty's approved account, nostro-balance monitoring, prompt reconciliation and aged-break escalation.
- Trap: an unresolved discrepancy must never pass silently through settlement.

Chapter 7 - Handling Market Disruptions

A disruption changes the available infrastructure, not the standard of conduct. The response is coordinated communication, documented alternatives and adherence to contract, regulator and market guidance.

7.1 Introduction

Market disruptions can affect prices, communications, payments, fixing, clearing and settlement. The response should preserve fairness, communicate clearly and follow agreed contingency arrangements.

7.2 General Description

A disruption may be caused by systems, infrastructure, liquidity, public events, holidays or other external conditions. The response depends on the affected function, product and contractual fallback.

7.3 Role of SFEMC

SFEMC can convene members, discuss proposals with regulators and relevant participants, issue statements and make recommendations on market procedures. It does not replace a participant's legal or contractual duties.

7.4 Communication During Disruptions

Maintain effective, reliable and documented communication with counterparties, customers, settlement agents, regulators and relevant internal functions. Use approved alternative channels when normal systems fail.

7.5 Ethics/Conduct During Disruptions

Stress does not suspend conduct rules. Do not exploit scarce liquidity, mislead counterparties, withhold information unfairly, fabricate prices or use a disruption to conceal a breach.

7.6 Settlement During Disruptions

Settlement should follow the agreed confirmation and documented fallback. Parties should coordinate rather than make unilateral suspensions that create additional exposures.

7.6.1 Alternative Settlement Procedures

Alternative settlement may use approved channels, adjusted timing, substitute systems or other documented procedures under the contract or market recommendation. Record the reason, approval and new terms.

7.6.2 Avoid Unilateral Suspensions

A participant should not stop payments or settlement unilaterally unless authorised by the applicable agreement, law or competent authority. Coordination limits contagion and disputes.

7.6.3 SGD Settlement Disruptions

For SGD disruption, follow relevant MAS and SFEMC instructions or recommendations and the agreed settlement terms. Escalate uncertainty instead of choosing a unilateral workaround.

7.7 CCP Rules

Where a central counterparty is involved, its rulebook governs margin, default management, settlement and emergency powers. Participants must understand and follow those rules during a disruption.

Exam cues

- SFEMC can convene members, make recommendations and coordinate the market — it does not replace a participant's legal or contractual duties.
- Conduct does not lapse in a disruption: do not exploit scarce liquidity, mislead counterparties, fabricate prices or hide a breach.
- No unilateral suspensions: stop payments/settlement only where the agreement, law or a competent authority authorises it.
- SGD disruption: follow MAS and SFEMC instructions and the agreed settlement terms.
- CCP: its rulebook governs margin, default management, settlement and emergency powers.
- Trap: a disruption does not automatically entitle a party to suspend payment unilaterally.

Chapter 8 - Benchmark Rate Setting

Benchmark integrity depends on the full chain from evidence and submission to calculation, governance, publication, surveillance and audit. Conflicts and influence are recurring themes.

8.1 Introduction

Benchmarks are reference rates or prices used in valuation, contracts, settlement and risk management. Their credibility depends on reliable inputs, transparent methodology, independent controls and ethical conduct.

8.1.1 Surveyed vs Traded Benchmarks

Surveyed benchmarks use contributor judgement or quotations; traded benchmarks use eligible transaction data. The evidence, controls and risks differ, but both require integrity and a reasonable basis.

8.1.2 IOSCO Role

IOSCO principles provide an international reference for benchmark governance, methodology, quality, accountability and oversight. They inform good practice but do not replace Singapore law or the relevant administrator's rules.

8.2 Parties

Benchmark governance separates oversight, administration, calculation and contribution responsibilities. Clear role allocation reduces conflicts and makes accountability traceable.

8.2.1 Oversight Committee

An oversight committee monitors the benchmark framework, methodology, conflicts, complaints and changes. It provides governance challenge rather than making unauthorised dealing decisions.

8.2.2 Benchmark Administrator

The administrator owns or oversees the methodology and process, sets governance and controls, manages contributors and publishes or arranges publication of the benchmark.

8.2.3 Calculation Agent

The calculation agent applies the published methodology to eligible inputs and calculates the benchmark. It needs reliable data, controls, auditability and appropriate escalation for anomalies.

8.2.4 Submitter

A submitter contributes rates or transaction information on behalf of a market participant. Submissions must be authorised, representative, evidence-based, controlled and protected from influence.

8.3 Market Practices

Contributions should be based on the applicable hierarchy of evidence and the published methodology. Judgement is permitted only where supported, documented and not used to manipulate the result.

8.3.1 Reasonable Basis

A reasonable basis may include actual transactions, relevant market data, quotes and documented expert judgement in the permitted hierarchy. The submitter should retain evidence for the contribution.

8.3.2 Traded Benchmarks

Traded-benchmark inputs should be bona fide eligible transactions with accurate timestamps and an audit trail. A trade executed to move or later cancel the benchmark is prohibited manipulation.

8.3.3 Limited Liquidity

When liquidity is limited, a submitter may use the next permitted evidence level, such as related transactions, proxy assets, indicative prices or expert judgement, with adjustments and documentation.

8.4 Code of Conduct

Submitters must act with integrity, professionalism and ethical standards, follow the methodology, substantiate contributions, manage conflicts and protect the contribution process from influence.

8.4.1 Integrity/Professionalism/Ethics

Policies should exclude unsuitable data, support objective evidence, mitigate conflicts, preserve electronic trade integrity and prevent inappropriate influence on staff involved in submissions.

8.4.2 Benchmark Commentary

A person responsible for contributions should not comment before publication where possible. If commentary is permitted, actual, potential or perceived conflicts must be prominently disclosed in writing.

8.4.3 Prohibited Behaviour

Collusion, wash trading, deliberately inappropriate prices, cancelling trades after the calculation window and withholding bona fide trades to affect a benchmark are prohibited. Genuine competitive trades remain legitimate.

8.4.4 Non-Overseen Benchmarks

For a benchmark not overseen by the administrator, the participant should follow the relevant owner's laws, regulations and practices. If none exist, the Blue Book requirements may guide conduct.

8.5 Best Practices

Best practice combines fit-and-proper staff, supervision, information management, records, confidentiality, segregation, escalation, surveillance and independent assurance.

8.5.1 Experience/Seniority/Character

Contributors should have appropriate experience, seniority, fit-and-proper character, training and formal authority. Responsibility should not be delegated to an inexperienced person simply because the task is inconvenient.

8.5.2 Supervision

Supervision includes dual controls, pre-submission validation and a checker senior enough to challenge the submitter. Oversight should be documented rather than assumed.

8.5.3 Information Management

Historical submissions, trends and exceptions should be analysed and presented to the appropriate risk forum. Information management supports detection of drift, bias and unexplained changes.

8.5.4 Record Retention

Market data, submissions, supporting information, policies, deviations, staff roles and queries should be retained for at least five years or the longer period required by law.

8.5.5 Confidentiality

Contribution information must not be sent to people outside the contribution process except regulators or another permitted recipient. General market information may be exchanged if it does not reveal desired benchmark prices or protected contributions.

8.5.6 Conflicts/Segregation

Policies should minimise conflicts through appropriate seating, access and reporting separation among submitters, sales and trading and reviewers. Segregation should be proportionate and documented.

8.5.7 Escalation

Suspicious, inappropriate or breached contributions should be escalated through whistleblowing and management channels and, where appropriate, to the administrator and MAS.

8.5.8 Electronic Surveillance

Electronic communications involving submission parties should be monitored under appropriate surveillance controls, with alerts, review, retention and escalation for suspicious conduct.

8.5.9 Audit/QA

The benchmark process should be covered annually by independent audit or assurance, with results available to MAS on request. Product control or valuation functions may perform more frequent checks for surveyed benchmarks.

Exam cues

- Surveyed vs traded: surveyed uses contributor judgement/quotations; traded uses eligible transaction data. Both need integrity and a reasonable basis.
- Parties: oversight committee (governance challenge), administrator (owns methodology), calculation agent (applies it), submitter (contributes evidence). Clear role separation reduces conflicts.
- Evidence hierarchy: actual transactions → related/proxy transactions → indicative prices → documented expert judgement; only the next permitted level where liquidity is limited.
- Prohibited: collusion, wash trading, deliberately inappropriate prices, cancelling trades after the calculation window, withholding bona fide trades. A trade executed to move and later cancel the benchmark is manipulation.
- Commentary: avoid public comment before publication; if permitted, disclose actual, potential or perceived conflicts prominently in writing.
- Records: retain for at least five years or longer if required by law.
- Trap: genuine competitive trades remain legitimate — the prohibition targets intent to affect the benchmark, not trading itself.

Appendix A - Review Questions

The source Appendix A contains 48 review questions: 2 on Chapter 1, 6 on Chapter 2, 5 on Chapter 3, 10 on Chapter 4, 14 on Chapter 5, 4 on Chapter 6, 3 on Chapter 7 and 4 on Chapter 8. They are reference-format questions, not a complete syllabus. Combination questions present four statements and then four answer combinations; the correct combination is still one best answer.

When studying a review question, explain why each distractor fails. For example, a request from another market participant is not automatically authority to disclose confidential information; a disruption does not automatically permit unilateral payment suspension; and a benchmark contributor cannot use a customer or desk preference as evidence.

Appendix B - Essential Readings

Use the current version of each item, and check whether the title, notice number or web location has changed:

Attorney-General's Chambers in Singapore

1. Securities and Futures Act.
2. Securities and Futures (Licensing and Conduct of Business) Regulations.
3. Securities and Futures (Financial & Margin Requirements for Holders of Capital Markets Services Licences) Regulations.
4. Banking Act, Section 47 (Banking Secrecy).

5. Income Tax Act.
6. Deposit Insurance and Policy Owners' Protection Schemes Act.
7. Corruption, Drug Trafficking and Other Serious Crime (Confiscation of Benefits) Act.
8. Mutual Assistance in Criminal Matters Act.
9. Terrorism (Suppression of Financing) Act.

Singapore Foreign Exchange Market Committee

10. The Singapore Guide to Conduct & Market Practices for the Wholesale Financial Markets (the Blue Book).

Global Foreign Exchange Committee

11. FX Global Code.

MAS notices, guidelines and circulars

12. MAS Guidelines on Fit and Proper Criteria (Guideline No. FSG-01).
13. Notice on Reporting of Misconduct of Representatives by Holders of CMS Licence and Exempt Financial Institutions (Notice No. 04-N11).
14. Notice on Minimum Entry and Examination Requirements for Representatives of Holders of CMS Licence and Exempt Financial Institutions (Notice No. 04-N09).
15. MAS Guidelines for Banks whose Business includes Dealing in Government Securities.
16. Notice to Capital Markets Intermediaries on Prevention of Money Laundering and Countering the Financing of Terrorism (Notice No. SFA04-N02).
17. MAS Notice on Prevention of Money Laundering and Countering the Financing of Terrorism - Banks (Notice No. 626).
18. Circular on Due Diligence Checks and Documentation in Respect of the Appointment of Appointed, Provisional and Temporary Representatives (CMI 01/2011).
19. MAS Notice on Lending of Singapore Dollar to Non-Resident Market Participant (MAS 757) for Banks.
20. MAS Notice on Lending of Singapore Dollar to Non-Resident Market Participant (MAS 1105) for Merchant Banks.
21. MAS Notice on Lending of Singapore Dollar to Non-Resident Market Participant for Capital Markets Services Licence (SFA 04-N04).
22. Rules and Market Practices of the Singapore Government Securities Market.

Association of Banks in Singapore

23. ABS Co. - Rate Setting Benchmarks.

Cross-chapter exam method

For a scenario question, first identify the product and the participant's role. Then ask: what information is confidential; what authority or limit applies; which risk is being created; what confirmation or settlement control is needed; and who must be told or consulted? Prefer answers that are accurate, authorised, proportionate, documented and consistent with both law and market practice. Reject answers that rely on secrecy, unilateral action, later approval, informal permission, guaranteed prices or a customer's sophistication as a substitute for control.