

ANNEX 2 – CRITERIA FOR THE SATISFACTION OF THE CUSTOMER KNOWLEDGE ASSESSMENT

1. A client who satisfies any of the following may be assessed as possessing the knowledge or experience in an unlisted Specified Investment Product for the purpose of the satisfaction of the Customer Knowledge Assessment in the Specified Investment Product concerned:
 - (a) The client holds a diploma or has higher qualifications in accountancy, actuarial science, business/business administration/business management/business studies, capital markets, commerce, economics, finance, financial engineering, financial planning, computational finance and insurance;
 - (b) The client has a professional finance-related qualification²;
 - (c) The client has invested in the following unlisted Specified Investment Products:
 - (i) For transactions in collective investment schemes (referred to as “CIS”) and investment-linked life insurance policies (referred to as “ILPs”), the client has transacted in CIS or ILPs at least 6 times in the preceding 3 years; or
 - (ii) For transactions in Specified Investment Products which are neither listed nor quoted on a securities market or a futures market (excluding CIS and ILPs), the client has transacted in any Specified Investment Products which are neither listed nor quoted on a securities market or a futures market (excluding CIS and ILPs) at least 6 times in the preceding 3 years;
 - (d) The client has a minimum of 3 consecutive years of working experience³ in the past 10 years in the development of,

² Examples of this would include the Chartered Financial Analyst Examination conducted by the CFA Institute, USA and the Association of Chartered Certified Accountants (ACCA) Qualifications.

³ Such working experience would also include the provision of legal advice or possession of legal expertise on the relevant areas listed in limb (d).

structuring of, management of, sale of, trading of, research on and analysis of investment products or the provision of training in investment products. Work experience in accountancy, actuarial science, treasury or financial risk management activities will also be considered relevant experience.

2. Where a client is assessed to not possess knowledge or experience in an unlisted Specified Investment Product, but subsequently demonstrates sufficient understanding of the features and risks of that Specified Investment Product through a learning module provided by an independent body as set out in the Practice Note on Recommendations on Investment Products [FAA PN-02], the client may be deemed to possess the knowledge to transact in that unlisted Specified Investment Product.

[FAA-N16 (Amendment) 2011]