

EA Alert Dated: 28 October 2014

EA Alert: New Demerit Points Framework Effective 1 November 2014

This advisory is applicable to all employment agencies (EAs) regardless of licence type.

Dear Key Appointment Holders and EA Personnel,

The changes to the Demerit Points System (DPS) will take effect from 1 November 2014, as communicated during the EA seminar held on 9 and 10 June 2014.

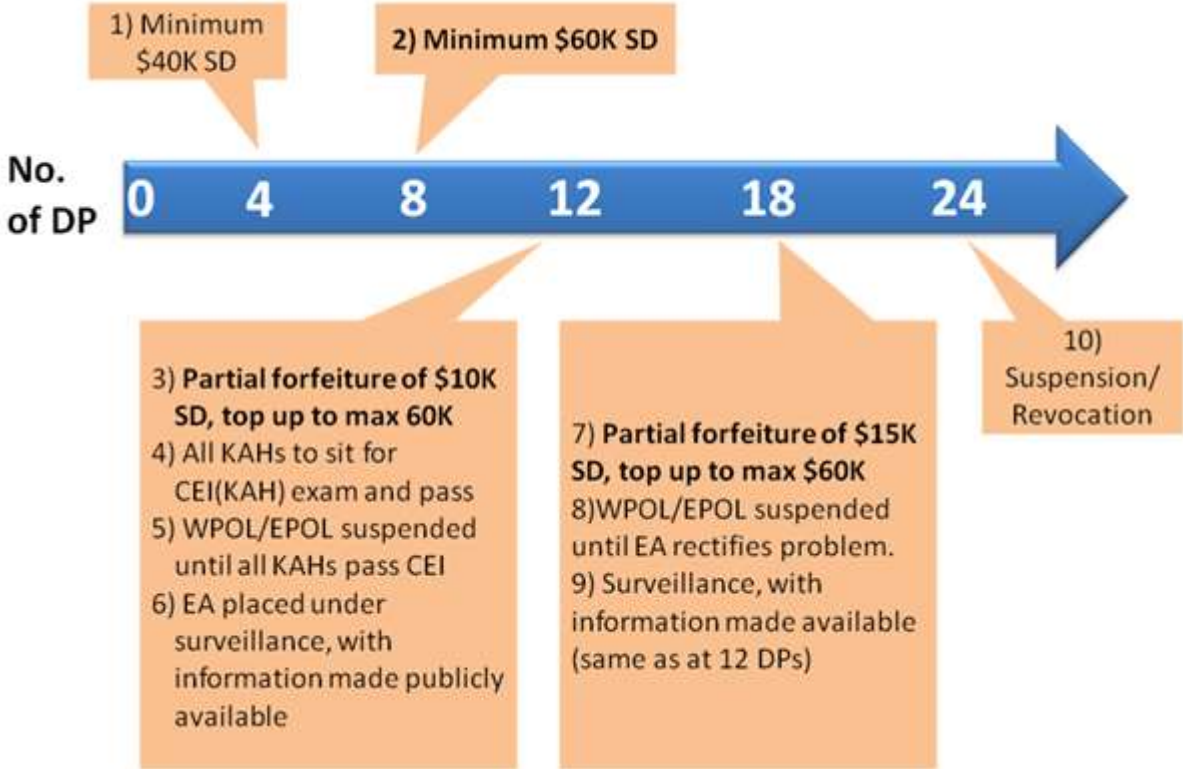
Changes to Demerit Points System

2 The changes to the DPS are as follows:

Revisions to Demerit Points System (DPS)	Current DPS	New DPS
<p>[Key Change #1] Minimum \$60K Security Deposit at 8 DPs</p> <p>➤ EAs with ≥ 8 DPs are considered to be of high risk and should furnish a higher SD amount as collateral to vouch for its commitment to adhere to regulations</p>	No such requirement	<ul style="list-style-type: none">• EAs with ≥ 8 DPs must have a minimum SD of \$60K.
<p>[Key Change #2] Partial forfeiture of SD (\$10K forfeiture at 12 DP, \$15K forfeiture at 18 DP)</p> <p>➤ This is introduced to manage higher-risk EAs that accumulate more DPs</p>	No such requirement	<ul style="list-style-type: none">• EAs that accumulate 12 DPs will have a partial forfeiture of \$10K SD and are required to top up their SD back to \$60K.• EAs that accumulate 18 DPs will have a partial forfeiture of \$15K SD and are required to top up their SD back to \$60K.
<p>[Key Change #3] All KAHs to pass Certificate of Employment Intermediaries (KAH) test at 12 DPs</p>	No such requirement	<ul style="list-style-type: none">• Once EAs accumulate 12 DPs, all KAHs are required to sit for the CEI(KAH) exam again.

<ul style="list-style-type: none"> ➤ This is to ensure that all the KAHs are sufficiently familiar with the regulations so that they can operate the EA lawfully 		<ul style="list-style-type: none"> • The EAs' Work Pass and Employment Pass Online (WPOL/EPOL) accounts will be suspended until all KAHs have passed the exam.
<p>[Key Change #4] Extended runway, with licence suspension or revocation at 24 DPs</p> <ul style="list-style-type: none"> ➤ EAs with a high number of DPs may not be suitable to remain in the industry. 	<ul style="list-style-type: none"> • MOM has powers to revoke licences, and has done so when serious offences have been committed. Where the accumulation of DPs arise from largely technical offences, MOM had exercised leniency in the past and may not have revoked licences. 	<ul style="list-style-type: none"> • EAs that accumulate 24 DPs would have their licence suspended or revoked based on circumstances which will be assessed on a case-by-case basis.

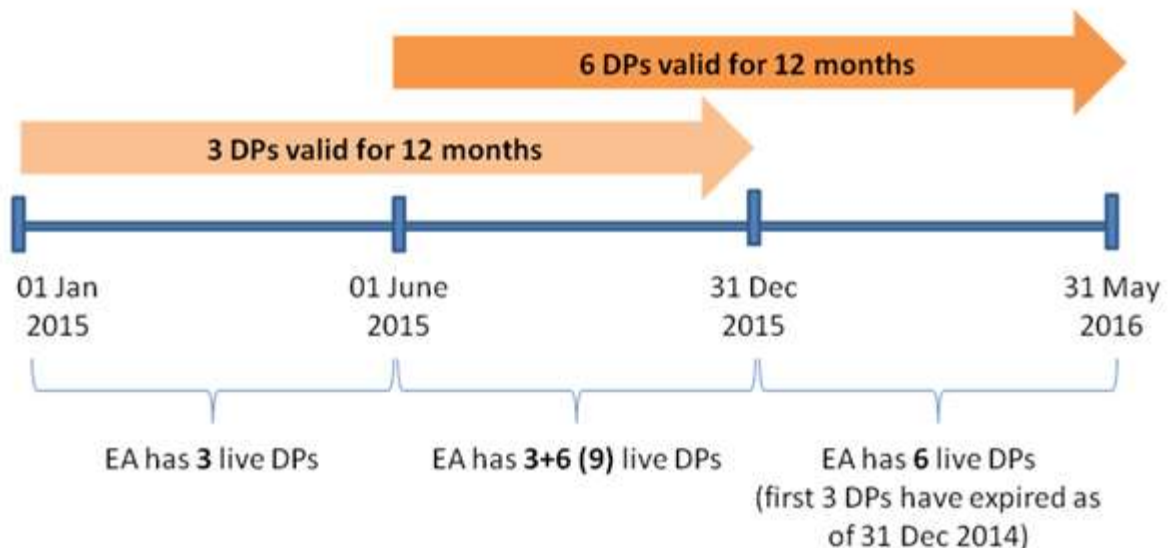
3 An overview of the revised DPS is as follows:



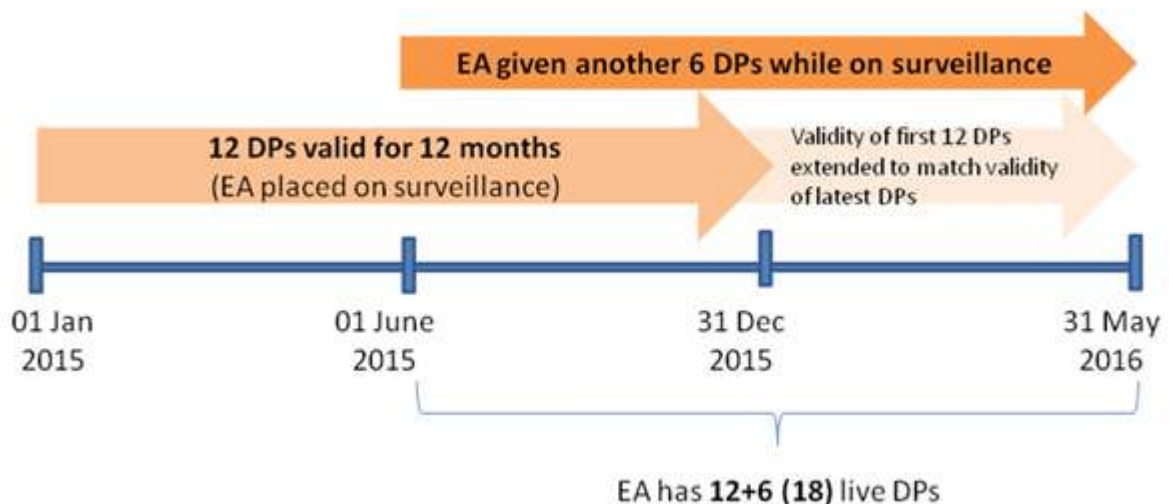
Validity of Demerit Points

4 There is no change to how the validity of the DPs is computed today. All DPs will remain live for a fixed period of 12 months from the date of issuance of each DP, provided an EA has less than 12 DPs.

As long as an EA has less than 12 DPs, all DPs will remain live for only a fixed period of 12 months from the date of issuance of each DP.



5 Once an EA accumulates 12 DPs or more, the EA will be placed on surveillance for a year. All the DPs will only expire 12 months from the date of issuance of the latest DPs.



Effective Date of Implementation

6 The actions specified in the revised DPS will apply to EAs when they accumulate new demerit points after 1 November 2014.

Thank you.

Yours sincerely,

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