

RESPONSE TO FEEDBACK RECEIVED

11 March 2021

**Draft Regulations for Complaints
Handling and Resolution**

**Revised Biannual Report and
Implementation Timeline for
Complaints Handling and
Resolution Regulations**

MAS

Monetary Authority of Singapore

Contents

1	Preface	3
2	Definitions	4
3	Scope of application.....	6
4	Obligation on FA firms' CHR process	7
5	Board and senior management responsibility.....	11
6	Information on CHR process to be publicly available	12
7	Centralised management system for complaints	12
8	Revised biannual report template	13
9	Implementation timeline	14
Annex A	16
Annex B	18
Annex C	16
Annex D	24

1 Preface

1.1 On 30 September 2013, the Monetary Authority of Singapore (MAS) issued a [consultation paper](#) to seek feedback on the draft Financial Advisers (Complaints Handling and Resolution) Regulations 2013 (FA(CHR) Regs). The FA(CHR) Regs seek to effect the policy proposals on complaints handling and resolution (CHR) which include the requirements for a financial advisory (FA) firm¹ to –

- i. Establish a process for handling and resolving complaints from retail clients which is independent and prompt;
- ii. Designate a senior management member or committee comprising senior management member(s) within the firm to be responsible for the oversight of its compliance with the FA(CHR) Regs;
- iii. Ensure that information on its CHR process is publicly available;
- iv. Put in place a centralized management system for complaints; and
- v. Report its complaints data to MAS on a biannual basis.

1.2 On 26 August 2019, MAS issued a [second consultation paper](#) to seek feedback on the revised format for the biannual report and the proposed implementation timeline for the FA(CHR) Regs.

1.3 The two consultations closed on 31 October 2013 and 30 September 2019 respectively. MAS would like to thank all respondents for their contributions.

1.4 MAS has considered carefully the feedback received, and revised the FA(CHR) Regs where appropriate. The list of respondents to the two consultations is provided in Annex A, and the full submissions with the names of respondents can be found in Annex E (separate document). Comments that are of wider interest, together with MAS' responses are set out below.

1.5 **The FA(CHR)Regs are slated to take effect on 3 January 2022.** As the FA(CHR) Regs will only apply to complaints received by FA firms from retail clients, MAS will also amend the Securities and Futures (Classes of Investors) Regulations 2018 (SF(COI) Regs)

¹ FA firms refer to financial advisers granted a licence under section 13 of the Financial Advisers Act (FAA) and exempt financial advisers as defined in section 23(1)(a), (b), (c), (d), (e), (ea) or (f) of the FAA, who serve retail clients.

to require FA firms to inform clients that if they opt to be treated as accredited investors (AIs), the safeguards under the FA(CHR)Regs will not apply to them.

1.6 The draft FA(CHR) Regs and amendments to the SF(COI) Regs are provided in Annex C and D respectively. Barring any unforeseen circumstances and editorial changes, MAS intends to publish the two regulations in the Government Gazette in November 2021. FA firms are therefore expected to start putting in place the necessary arrangements to comply with the FA(CHR) Regs and amendments to the SF(COI) Regs, before they take effect on 3 January 2022. MAS does not expect the policy positions in the regulations to change. In the unlikely event that there are any major changes to the regulations, MAS will inform FA firms in advance, and postpone the effective date of commencement of the two regulations.

2 Definitions

Definition of “complaint”

2.1 Several respondents commented that the proposed definition of “complaint” was too broad. They were concerned that the definition would cover complaints relating to activities not subject to the FAA such as the sale of general insurance products. The respondents suggested limiting the definition to complaints relating to the provision of services regulated under the FAA (FA services), to align with the approach taken under the Financial Advisory Industry Review (FAIR).

2.2 Some respondents enquired whether anonymous complaints will be covered within the scope of the FA(CHR) Regs.

MAS’ response

2.3 The scope of complaints covered under the FA(CHR) Regs will be confined to complaints relating to FA firms’ conduct of FA services. The definition of “complaint” has been amended to include only complaints made by a named client or named prospective client of an FA firm, containing an allegation of any conduct which may constitute a contravention of a business conduct requirement or an unfair practice under the FAA. It includes any expression of dissatisfaction from a client, whether oral or written, and whether justified or not.

2.4 The FA(CHR) Regs will not apply to anonymous complaints. Only complaints where the complainant provides valid personal details and contact information, either of himself or the person whom he is submitting the complaint on behalf of, will be covered under

the FA(CHR) Regs. We recognise that the independent unit may have difficulty assessing the veracity of an anonymous complaint and the credibility of the facts and evidence on which the complaint is based. Nonetheless, FA firms should establish a robust process to handle anonymous complaints independently and promptly if sufficient information has been provided.

Definition of “senior management”

2.5 Under the FA(CHR) Regs, the senior management of the FA firm has important responsibilities, including taking reasonable steps to ensure that the firm complies with the regulations. Several respondents were concerned that the proposed definition of “senior management” was too narrow as it referred to the Chief Executive Officer (CEO) and executive directors of an FA firm only. They indicated that the definition was unduly onerous, especially for foreign financial institutions whose board members reside overseas. One respondent also asked whether the CEO refers to the CEO of the Singapore entity or the “Chief Executive” as defined under the Insurance Act.

MAS’ response

2.6 Taking into account the feedback in paragraph 2.5, we have expanded the definition of senior management in the FA(CHR) Regs to include:

- i. the CEO²;
- ii. the Chief Operating Officer;
- iii. any officer who is employed in an executive capacity and responsible for the FA’s compliance functions;
- iv. any director who is employed in an executive capacity; and
- v. any other person who carries out the duties of any office mentioned in (i), (ii), (iii) or (iv).

² The definition of “CEO” refers to the CEO of the Singapore entity who is principally responsible for the operations and conduct of the FA firm’s business in Singapore, regardless of his or her place of residence.

Definition of “resolution (of complaint)”

2.7 Several respondents asked when complaints can be considered resolved, and if complainants’ acceptance of the final response is needed.

MAS’ response

2.8 FA firms may consider complaints resolved in either of the following situations:

- i. Where the complainant accepts the explanation/offer by the FA firm; or
- ii. Where the FA firm has sent the final response to the complainant.

3 Scope of application

3.1 Several respondents asked if the FA(CHR) Regs will apply to:

- i. Private Banking Units (PBs) serving high net worth individuals (HNWI) who have been granted exemptions from key business conduct rules under section 100(2) of the FAA;
- ii. Fund managers that are exempt FAs, but do not carry out direct sales or advisory activities to retail investors;
- iii. Investment products sold to retail clients via an online channel; and
- iv. Corporate retail clients.

3.2 One respondent asked if AIs are required to opt-in under the FA(CHR) Regs.

MAS’ response

3.3 The exemptions from key business conduct rules under section 100(2) of the FAA granted to PBs were withdrawn on 8 January 2021. PBs who serve retail clients will be therefore be expected to comply with the FA(CHR) Regs when they take effect on 3 January 2022.

3.4 For fund management companies, only those that provide financial advice or carry out direct sales to retail investors will need to comply with the requirements set out under the FA(CHR) Regs. For investment products sold via online channels, the FA(CHR) Regs will apply if advice is given to retail clients. The FA(CHR) Regs will only apply to

complaints from retail clients who are natural persons (i.e. corporations will be excluded from scope).

3.5 Clients who meet the eligibility criteria for AI status should have full awareness of the consequences of being treated as an AI, and be provided with the choice to opt-out of being treated as an AI if they so choose. As such, the SF(COI) Regs will be amended to include the FA(CHR) Regs as a new consent provision. MAS will provide the following transitional arrangements for AIs who are affected by the inclusion:

- i. New clients who are onboarded as AIs after the effective date of the FA(CHR) Regs, will have to consent to be treated as an AI under the FA(CHR) Regs, in addition to all of the relevant consent provisions under the SF(COI) Regs.
- ii. For existing clients who have already opted in as AIs with their FA firms, FA firms have to inform them of their intention to extend the existing clients' AI status to the FA(CHR) Regs, and offer them the choice to opt out of being treated as AIs for all of the consent provisions, including the FA(CHR) Regs. Unless the client opts out, he or she can be treated by the FA firm as an AI for all of the consent provisions, including the FA(CHR) Regs.
- iii. FA firms must comply with (ii) within 3 months after the FA(CHR) Regs take effect. MAS has postponed the date of commencement of the FA(CHR) Regs from Q2 2021 to 3 January 2022 to provide FA firms more time for this.

4 Obligation on FA firms' CHR process

Complaints resolved within one business day

4.1 In the [Response to Feedback Received- Public Consultation on Recommendations of the Financial Advisory Industry Review](#) issued in September 2013, MAS indicated under paragraph 7.5.8 that FA firms will be allowed to exclude complaints that are resolved within one business day from the set of data to be reported to MAS (one business day provision). This was to address feedback that the requirement for an independent unit would raise compliance costs.

4.2 The respondents have since clarified that complaints on the conduct of FA services are rarely resolved within one business day due to the nature and complexity of such complaints.

MAS' response

4.3 As only a very limited number of complaints are resolved within one business day and FA firms are expected to maintain proper records of all complaints, requiring all complaints to be reported to MAS should not create any material additional operational burden for FA firms. Therefore, MAS will not be proceeding with the one business day provision i.e. complaints resolved within one business day should be included in the set of data to be reported to MAS.

Independent unit

4.4 Some respondents enquired whether the initial fact-finding, investigation and interview with the complainant can be conducted by the line manager, while the assessment and resolution of the complaint will remain the responsibility of the unit independent from the front office.

4.5 One respondent suggested adopting the notion of the term “independence” from the Guidelines on Fair Dealing – Board and Senior Management Responsibility for Delivering Fair Dealing Outcomes to Clients (FAA-G11) (Guidelines on Fair Dealing) which sets out that complaints must be assessed by reviewers who are not involved in the provision of any financial advisory services.

MAS' response

4.6 Line managers of employees who are the subject of the complaint may assist with fact-finding, provided that there are adequate safeguards in place to address potential conflicts of interest. Ultimately, MAS expects the independent unit to oversee the handling and resolution of complaints. MAS will hold the senior management member(s) assigned responsibility for the oversight of compliance with the FA(CHR) Regs accountable for ensuring all complaints are handled and resolved independently.

4.7 MAS has taken into account the feedback highlighted in paragraph 4.4 and revised the FA(CHR) Regs to clarify that the independent unit must not be involved in the provision of any financial advisory services. This requirement is consistent with the Guidelines on Fair Dealing.

Timeline for handling of complaints

4.8 Some respondents expressed concerns that the imposition of a timeline for the resolution of complaints is overly prescriptive. Respondents felt that adherence to this

requirement could be beyond FA firms' control since this could depend on the complainant's cooperation in providing supporting information.

4.9 One respondent suggested that MAS should amend the proposed timeline to align with the timeline of the Financial Industry Disputes Resolution Centre Ltd (FIDReC) to avoid inconsistency. The respondent highlighted that the Terms of Reference of FIDReC provide that a complainant can lodge his or her dispute with FIDReC after at least four weeks from the date the complaint was referred to the financial institution. However, under the proposed FA(CHR) Regs, the FA firm is required to send a final response or a written response informing the complainant of his right to refer the complaint to an approved dispute resolution scheme within 30 business days (generally six weeks).

4.10 One respondent suggested that MAS should implement a timeline (e.g. 10 business days) for clients to provide their response on their acceptance of the final response sent by the FA firm.

4.11 One respondent was of the view that the timeline of two business days to provide a written acknowledgement to the client was too restrictive. It may take more time to review and determine if an adverse feedback falls within the definition of complaint.

4.12 One respondent enquired whether the complaint turnaround time is measured from the day the client lodges the complaint with the FA firm, or the day the complaint handling unit receives it.

MAS' response

4.13 We recognise that certain complaints may take longer to resolve due to reasons outside of the FA firm's control (e.g. delays due to clients not providing the relevant information in a timely manner). It is not the expectation that all complaints are to be resolved within the stipulated timeline and this requirement has been crafted to allow some flexibility. Should an FA firm be unable to provide a final response by the stated timeline, it should provide a written update to the complainant setting out its reasons for the delay, and to inform the complainant that he or she has the right to refer the complaint to FIDReC.

4.14 Taking into consideration that flexibility has already been embedded in the proposed requirement, we have revised the timeline for providing a final response in the FA(CHR) Regs to align it with the existing timeline for complaints to be lodged with FIDReC. The revision requires an FA firm to provide a final response within 20 business days (i.e. generally four weeks in line with FIDReC's Terms of Reference) after the date on which

the complaint is received. This will avoid potential confusion with multiple timelines, and help raise consumer awareness of their rights under the alternative dispute resolution framework. For the avoidance of doubt, should the FA firm be unable to provide a final response within 20 business days, it should provide a written update to the complainant as set out in paragraph 4.13. Given the shortened timeline of 20 business days for a final response, we have removed the proposed requirement for FA firms to provide an interim reply to the complainant if a final reply has not been sent within 15 business days. FA firms should nonetheless ensure that the complainant is kept informed of the status of the handling of the complaint.

4.15 As the objective is to ensure that the complainant receives timely updates or responses from the FA firm rather than to constrain the complainant to respond to the FA firm within a specified timeline, MAS does not intend to prescribe a timeline for clients to provide their response on their acceptance of a final response sent by the FA firm.

4.16 The written acknowledgement is intended to be simply an acknowledgement informing the complainant that the feedback is received and would be looked into, as well as provide information on the FA firm's CHR process. The acknowledgement may be automatically generated and sent. MAS is of the view that the proposed timeline is reasonable and will retain the requirement for FA firms to send a written acknowledgement within two business days.

4.17 The complaints turnaround timeline starts on the day the complaint is received by the FA firm. A complaint received on any day other than a business day, or after the close of business on a business day, may be treated as having been received on the next business day.

Verbal response

4.18 One respondent asked whether verbal conversations recorded by the FA firm's call system will be acceptable for the purposes of an initial acknowledgement required under the FA(CHR) Regs. Two respondents asked whether a final reply could be made verbally to the complainants and accepted as a final response.

MAS' response

4.19 The initial acknowledgement must be in writing. We note that some FA firms may prefer to use verbal communication in responding to certain complaints. However, verbal communication tends to be less precise and may lead to greater misunderstanding compared to written communication. As such, if verbal communication is used to communicate a final reply, the FA firm will be required to supplement it with a written

communication to the client, summarizing all the key matters discussed and conclusion reached.

5 Board and senior management responsibility

5.1 Under the FA(CHR) Regs, an FA firm will be required to submit a biannual report to MAS in a prescribed format that sets out the details of complaints received during the reporting period and other related information.

5.2 Instead of requiring the biannual report to be signed off by every member of the board and senior management of an FA firm, some respondents asked MAS to consider allowing the Board and senior management of an FA firm to delegate the sign-off³ required so as to reduce administrative delays in the submission of the biannual complaints report.

MAS' response

5.3 MAS has amended the requirement to allow an FA firm's Board and senior management to delegate the authorisation of biannual report submission to a single member of the FA firm's senior management. However, the FA firm's Board and senior management will retain overall responsibility for the submission of this report, as they are responsible for driving corporate policy and culture which determine business practices on the ground.

³ Under section 8 of the [Electronic Transactions Act](#), where a rule of law requires a signature, that requirement is satisfied in relation to an electronic record if –

- (a) a method is used to identify the person and to indicate that person's intention in respect of information contained in the electronic record; and
- (b) the method used is either –
 - (i) as reliable as appropriate for the purpose for which the electronic record was generated or communicated, in light of all the circumstances; or
 - (ii) proven in fact to have fulfilled the functions described in paragraph (a), by itself or together with further evidence.

6 Information on CHR process to be publicly available

6.1 One respondent sought further guidance on the type of information and the level of details on the CHR process that should be made accessible to the public and provided to the complainant.

6.2 Another respondent sought clarification on whether every response from the FA firm to the complainant must mention its CHR process.

6.3 Two other respondents queried on whether it is necessary to prominently display CHR information at branches or other places of business.

MAS' response

6.4 The information to be made accessible to the public should include:

- i. How to submit a complaint, including the contact details of the independent unit, such as the telephone number, online portal, mail address and email address, where relevant;
- ii. A brief summary of the FA firm's internal processes for handling and resolving complaints, including the role of the independent unit and how complaints are assessed; and
- iii. The timeline for responding to complaints.

6.5 Information on the CHR process should be communicated together with the FA firm's initial acknowledgement of receipt of a client's feedback. It is not necessary for the FA firm to provide details on its complaints handling process in every subsequent correspondence with the complainant.

6.6 FA firms must ensure that information on its CHR process is available to, and can be easily accessed by, any member of the public at its place of business and its Internet website (if any). In addition, the information should be readily provided to clients when they request for it. Apart from the above, MAS will not impose any specific requirements on how the information should be displayed at FA firms' branches or other places of business.

7 Centralised management system for complaints

7.1 Under the FA(CHR) Regs, FA firms are required to put in place a system to track and manage complaints received from their clients. One respondent suggested replacing

the word “system” with “process” to avoid any confusion that an actual system-based solution is required.

MAS’ response

7.2 We would like to clarify that the intent is for FA firms to put in place a centralized organized arrangement – manual or otherwise – to track and manage complaints. We understand that FA firms may have different ways of meeting the legal obligations given factors such as the scale of their business and the number of complaints they receive. FA firms should assess and decide on the specifications of their complaint management arrangement to suit their individual circumstances.

8 Revised biannual report template

8.1 In line with MAS’ initiative to collect regulatory returns from financial institutions in machine-readable formats and at a greater level of granularity, MAS proposed a revised template of the biannual report under the FA(CHR) Regs to collect FA firms’ complaints data⁴.

8.2 Two respondents highlighted that FA firms’ complaints data is already submitted on an annual basis through the annual FA Common Risk Assessment Framework and Techniques (CRAFT) questionnaire, and suggested rationalising the data collection efforts to reduce duplication.

8.3 Several respondents sought clarification whether they would need to submit a “NIL” return if the FA(CHR) Regs are not applicable to them. Three respondents asked how they could report if they had received no complaints in the reporting period.

8.4 Respondents provided feedback and suggestions on the data fields in the proposed template for the biannual report. Several respondents asked whether all fields in the template are mandatory. Some respondents explained that certain fields such as where the client was prospected, where the advisory session took place, and date of alleged offence, may be unavailable for complaints that arise from transactions that took place in the past. This is because such data may not have been documented and neither

⁴ [Consultation on Revised Biannual Report and Implementation Timeline for Complaints Handling and Resolution Regulations](#)

the representative, nor the client is able to recall the information. Other data field-specific feedback can be found in Annex B.

MAS' response

8.5 MAS will proceed to require FA firms to submit complaints data to MAS using the prescribed template. The template has been fine-tuned, factoring in comments and suggestions received from the consultation. Explanatory notes have been added to the template to guide FA firms on populating the template correctly. Please refer to Annex B for responses to data field-specific feedback. FA firms may access the revised template for the biannual report on [MAS' website](#). Where appropriate, MAS will continue to fine-tune the template based on feedback from the industry.

8.6 MAS will also review the current complaints data collection channels and will only request the data through one channel.

8.7 If the FA(CHR) Regs do not apply to an FA firm, the FA firm need not submit a "NIL" return. A "NIL" return should be submitted by an FA firm that is required to comply with the requirements set under the FA(CHR) Regs, but did not receive any complaints in the reporting period. A "NIL" return field will be provided in the template for the biannual report.

8.8 Not all fields in the template are mandatory for complaints that arise for transactions or alleged offences that occurred before the implementation of the FA(CHR) Regs if the information had not been documented and the client or complainant is unable to recall the information. FA firms have till 3 January 2022 to adopt the finalised template. MAS expects FA firms to make changes to processes and systems to obtain and document the reportable data fields. For complaints that arise from transactions or alleged offences after the implementation of the FA(CHR) Regs, FA firms are required to populate all the fields in the template.

9 Implementation timeline

9.1 Two respondents suggested that the submission timeline for the biannual reports should be extended from 10 weeks to within one quarter after the end of the half year for easier monitoring of reporting deadlines.

9.2 One respondent requested for an extension of the transition period from six to nine months to allow FIs more time to comply with the requirements under the FA(CHR) Regs.

MAS' response

9.3 MAS will extend the submission timeline for the biannual reports from within 10 weeks to one quarter (i.e. 3 months) after the end of the half year. As part of the transition arrangements for existing AIs, MAS has also postponed the date of commencement of the FA(CHR) Regs and the SF(COI) Regs amendments from Q2 2021 to 3 January 2022. The first biannual report will therefore be due within 3 months after the end of June 2022, for the reporting period between January to June 2022.

MONETARY AUTHORITY OF SINGAPORE

11 March 2021

Annex A

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON DRAFT
FINANCIAL ADVISERS (COMPLAINTS HANDLING AND RESOLUTION)
REGULATIONS**

1. Allen & Gledhill (representing the private banking units of twelve banks⁵), who requested for confidentiality of submission
2. Association of Banks in Singapore
3. Bank of Singapore Ltd
4. BDO Advisory Pte Ltd
5. Citibank Singapore Ltd
6. Eastspring Investment (Singapore) Ltd, who requested for confidentiality of submission
7. Great Eastern Life Assurance Co Ltd
8. Hongkong and Shanghai Banking Corporation Limited, who requested for confidentiality of submission
9. ICICI Bank Ltd
10. IG Asia Pte Ltd
11. Investment Management Association of Singapore
12. KPMG Services Pte Ltd
13. Life Insurance Association (LIA)
14. Phillip Securities Pte Ltd
15. RHTLaw Taylor Wessing LLP
16. Schroder Investment Management (Singapore) Ltd
17. Templeton Asset Management Ltd
18. United Overseas Bank Limited

⁵ Private banking units of twelve banks - (i) ABN AMRO; (ii) Barclays Bank; (iii) Citibank N.A.; (iv) Coutts & Co Ltd; (v) Credit Suisse AG; (vi) DBS Bank Limited; (vii) Deutsche Bank AG; (viii) Merrill Lynch; (ix) Nomura Singapore; (x) Standard Chartered Bank; (xi) HSBC and (xii) UBS AG.

LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON REVISED BIENNIAL REPORT AND IMPLEMENTATION TIMELINE FOR COMPLAINTS HANDLING AND RESOLUTION REGULATIONS

1. AAM Advisory Pte Ltd
2. AIA Singapore
3. Aon Singapore Pte Ltd
4. AXA Insurance Pte Ltd
5. Citibank Singapore Limited (CSL)
6. Infinitum Financial Advisory Pte Ltd, who requested for confidentiality of submission
7. Investment Management Association of Singapore
8. Manulife (Singapore) Pte Ltd
9. Manulife FA
10. Maybank Singapore Limited, who requested for confidentiality of submission
11. Professional Investment Advisory Services Pte Ltd
12. Prudential Assurance Company Singapore
13. Skandinaviska Enskilda Banken AB Singapore branch
14. The Great Eastern Life Assurance Company Limited
15. Tokio Marine Life Insurance Singapore Ltd
16. United Overseas Bank Limited
17. Respondent 1, who requested for confidentiality of identity

Six respondents requested for full confidentiality of identity and submission.

Please refer to Annex E for the submissions.

Annex B

KEY FEEDBACK ON DATA FIELDS WITHIN THE REVISED BIENNIAL REPORT

Worksheet	Data field	Consultation Feedback	MAS' response
General	Complaint status	Four respondents enquired about how data reported in the previous reporting cycle can be updated if there are changes uncovered in the current reporting cycle.	Additional explanatory notes have been included to guide firms on how to file updates to cases reported in previous reporting cycles. Please refer to the notes and examples provided in the revised biennial report template.
General	Complaint outcome	Two respondents asked whether the complaint outcome should be based on what the complainant eventually received or whether the complaint outcome should be based on what the reporting FA firm offered.	The intention is to capture the actual outcome from the client's perspective. For example, offers of compensation should be recorded even if these were provided by a third party (e.g. a product provider), rather than the FA firm.
General	Has legal action been taken by the complainant?	One respondent enquired whether police reports were the same as legal action taken by the complainant.	Police reports should be reported differently from legal actions. A new column "Did the complainant file a police report?" has been added to capture whether FA firms are aware of police reports filed by the complainant.
General	FIDReC case ID	Two respondents raised operational	The expectation is for FA firms to fill in this

Worksheet	Data field	Consultation Feedback	MAS' response
		difficulties in finding out whether each complaint case had been escalated to FIDReC.	field once they have been formally notified by FIDReC that the case has been filed with FIDReC.
Investigation	Transaction ID (new field)	One respondent suggested collecting and analysing complaints data to allow for identification of multiple complaints with similar circumstances.	We agree that it is useful to identify and analyse complaints which may have similar circumstances. For example, multiple complaints that arose from similar types of transactions could be analysed together. As such, a "Transaction ID" field has been added to the "Transaction" and "Investigation" worksheets to allow identification of the relevant transactions that led to such complaints.
Investigation	Allegation or additional finding	Four respondents sought clarification on how to report additional findings uncovered during the course of investigation, i.e. issues not alleged by the complainant.	Where the FA firm uncovers contraventions of any business conduct requirements or any unfair practices in relation to a consumer transaction, within the scope of applicability of the FA(CHR) Regs, it can add rows in this tab, and indicate in this field that it is an "Additional finding". The "Unique identifier" and "Transaction ID" data fields would allow

Worksheet	Data field	Consultation Feedback	MAS' response
			the additional finding to be tagged to specific complaint cases and transactions reported in the "Transaction" tab.
Transaction	Amount invested by client / premium amount (SGD)	One respondent sought guidance on how to fill up this field if the original investment was in a currency other than SGD.	The explanatory note has been updated to provide such guidance: if the transaction was conducted in a currency other than SGD, please convert the amount to SGD (as at the payment date). FA firms may refer to the currency exchange rates published by MAS or use their internal currency conversion rates.
Client	NA	One respondent sought clarification on how to report cases that involve more than one client or where additional clients are identified during the process of complaint handling.	As indicated in the instructions and example provided, if one case involves more than one client, one row should be filled up for each client, with each row having the same unique identifier. If additional clients are subsequently identified during the complaint handling process, similarly, a new row should be inserted for each additional client, bearing the same unique identifier as the initial client.

Worksheet	Data field	Consultation Feedback	MAS' response
Client	NA	One respondent suggested that client details such as date of birth, English proficiency and academic qualifications should only be provided for Selected Clients.	The intention is to collect the profile of all clients involved in complaints, not only Selected Clients. Moreover, FA firms are also expected to collect client details from all clients in order to determine whether a client is a Selected Client.
Client	Academic qualification of client as at date of sale/advice	Two respondents highlighted that different FA firms may collect client details with differing granularity and terminology.	The options have been edited to align with the criteria for determining whether a client is a Selected Client, according to MAS' Guidelines on Remuneration Framework for Representatives and Supervisors, Reference Checks and Pre-Transaction Checks ⁶ .
Representative	Did the supervisor accompany the representative for the sale / advisory	One respondent suggested tracking whether the supervisor accompanied the representative during the sale / advisory	The relevant data fields ("Representative is involved in the complaint in his/her capacity as a representative or

⁶ "Selected Client" in relation to a financial adviser, means any client of the financial adviser who meets any two of the following criteria –

- (a) is 62 years of age or older;
- (b) is not proficient in spoken or written English;
- (c) has below GCE 'O' level or 'N' level certifications, or equivalent academic qualifications,

other than a client who meets any two of the criteria and has been assessed by the financial adviser (such assessment to be documented in writing) to possess adequate investment experience and knowledge to transact in the investment product recommended.

Worksheet	Data field	Consultation Feedback	MAS' response
	session? (new field)	session, and whether a representative named in the complaint is involved in his/her capacity as a representative or as a supervisor. This would provide more insight into the role of the supervisor in the transactions involved in the complaint.	supervisor” and “Did the supervisor accompany the representative for the sale / advisory session?”) and respective explanatory notes have been added.
Representative	Name of Tier 2 agency of representative as at date of sale / alleged offence	One respondent commented that not all Tier 2 representatives may assume an agency name.	The explanatory note has been updated to allow FA firms to indicate the Tier 2 representative's name if he/she does not assume an agency name.

**DRAFT FINANCIAL ADVISERS (COMPLAINTS
HANDLING AND RESOLUTION) REGULATIONS 2021**

DISCLAIMER: This version of the Regulations is in draft form. Barring any unforeseen circumstances and editorial changes, the draft Regulations will be published as is in Q4 2021.

FINANCIAL ADVISERS ACT
(CHAPTER 110)
FINANCIAL ADVISERS
(COMPLAINTS HANDLING AND RESOLUTION)
REGULATIONS 2021

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation and commencement
2. Definitions
3. Application
4. Obligation to establish unit to handle and resolve complaints
5. Obligation to establish complaints handling and resolution process
6. Oversight of compliance with Regulations
7. Information on complaints handling and resolution process to be publicly available
8. Centralised system for managing complaints
9. Biannual reports
10. Issuing of written directions to financial adviser or class of financial advisers to conduct review of compliance with business conduct requirements
11. Offences

In exercise of the powers conferred by section 104 of the Financial Advisers Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations are the Financial Advisers (Complaints Handling and Resolution) Regulations 2021 and come into operation on 2021.

Definitions

- 2.—(1) In these Regulations, unless the context otherwise requires —

“accredited investor”, in relation to a financial adviser, means any of the following persons who has opted to be treated by the financial adviser as an accredited investor under regulation 3(2) of the Securities and Futures (Classes of Investors) Regulations 2018 (G.N. No. S 665/2018) for all consent provisions as defined in regulation 3(9) of those Regulations:

- (a) an individual mentioned in section 4A(1)(a)(i) of the Securities and Futures Act (Cap. 289);

(b) a trustee mentioned in section 4A(1)(a)(iii) of the Securities and Futures Act who is an individual;

(c) a person mentioned in section 4A(1)(a)(iv) of the Securities and Futures Act who is an individual;

“Authority’s Internet website” means the website at <http://www.mas.gov.sg>;

“business conduct requirement” means a requirement, in any of the following laws or instruments, concerning the conduct of the business of providing any financial advisory service:

(a) Part III of the Act;

(b) any regulations made for the purposes of Part III of the Act;

(c) any written direction, or written notice, issued by the Authority for the purposes of Part III of the Act and set out at the Authority’s Internet website;

“business day” means any day other than a Saturday, Sunday or public holiday;

“chief executive officer”, in relation to a financial adviser, means any individual, by whatever name described, who —

(a) is in the direct employment of, or acting for or by arrangement with, the financial adviser; and

(b) is principally responsible for the management and conduct of any type of business of the financial adviser in Singapore;

“complaint” means a complaint made by a named client or named prospective client of a financial adviser, containing an allegation of any conduct which, if true, may constitute —

(a) a contravention of a business conduct requirement; or

(b) an unfair practice in relation to the provision of a financial advisory service;

“expert investor” has the meaning given by section 4A(1)(b) of the Securities and Futures Act;

“final response”, in relation to a complaint to a financial adviser, means a written response, from the financial adviser to the complainant, which —

(a) states that the response is the financial adviser’s final response to the complaint;

(b) states that the financial adviser —

(i) accepts that the complaint is valid, and offers the redress or remedial action specified in the response;

(ii) offers the redress or remedial action specified in the response without accepting that the complaint is valid; or

(iii) rejects the complaint; and

- (c) where the complainant has a right to refer the complaint to a dispute resolution scheme approved by the Authority under section 28A(1) of the Monetary Authority of Singapore Act (Cap. 186) if the complainant is dissatisfied with the response — informs the complainant of such right;

“institutional investor” has the meaning given by section 4A(1)(c) of the Securities and Futures Act;

“senior management”, in relation to a financial adviser, includes —

- (a) the chief executive officer of the financial adviser;
- (b) the chief operating officer of the financial adviser;
- (c) any officer of the financial adviser who is employed in an executive capacity and is responsible for the financial adviser’s compliance functions;
- (d) any director of the financial adviser who is employed in an executive capacity; and
- (e) any other person who carries out the duties of any office mentioned in paragraph (a), (b), (c) or (d);

“unfair practice” has the meaning given by section 2(1) of the Consumer Protection (Fair Trading) Act (Cap. 52A).

(2) A reference in these regulations to the provision by a financial adviser of anything in writing (however expressed) excludes the provision by the financial adviser of an audio recording of the same.

Application

3.—(1) Subject to paragraph (2), these Regulations apply to every licensed financial adviser and every exempt financial adviser.

(2) These Regulations apply to any complaint that —

- (a) is made on or after [*commencement date*] by any client or prospective client of a financial adviser who, at the time when the complaint is made —
 - (i) is an individual or a sole proprietorship who is an individual; and
 - (ii) is not an accredited investor, expert investor or institutional investor; and
- (b) relates to the provision of any financial advisory service by the financial adviser to the client or prospective client.

Obligation to establish unit to handle and resolve complaints

4.—(1) A financial adviser must establish a unit, comprising officers and employees who are not directly involved in providing any financial advisory service, to —

- (a) handle and resolve any complaint received by the financial adviser; or
- (b) supervise the handling and resolution by a person who is not a member of the unit of any complaint received by the financial adviser.

(2) The financial adviser mentioned in paragraph (1) must ensure that every complaint received by the financial adviser is handled and resolved by —

- (a) the unit mentioned in that paragraph; or
- (b) a person under the supervision of the unit.

Obligation to establish complaints handling and resolution process

5.—(1) A financial adviser must —

- (a) establish a process for handling and resolving complaints; and
- (b) comply with that process.

(2) A financial adviser must ensure that the process mentioned in paragraph (1) provides for all the following matters:

- (a) the assessment of the merits of each complaint;
- (b) the criteria for determining whether the unit established under regulation 4 should refer a complaint to the senior management of the financial adviser, for the senior management to decide on the financial adviser’s response to the complaint;
- (c) a reasonable timeframe for handling and resolving complaints.

(3) A financial adviser must ensure that the process mentioned in paragraph (1) includes procedures for all of the following matters:

- (a) the provision to the complainant, within 2 business days after the date on which the complaint is received by the financial adviser, of a written acknowledgement that the financial adviser has received the complaint, and the written notice mentioned in regulation 7(2);
- (b) the interviewing of the complainant;
- (c) the reviewing, and the completion of the review, of the complaint;
- (d) ensuring that the complainant is kept informed of the status of the handling of the complaint;
- (e) the sending to the complainant, within 20 business days after the date on which the complaint is received by the financial adviser, of —
 - (i) the financial adviser’s final response to the complaint; or
 - (ii) a written response informing the complainant of all the following matters:
 - (A) the reason for any delay in providing the financial adviser’s final response to the complaint;
 - (B) an indicative reasonable timeframe within which the complainant may expect to receive the financial adviser’s final response to the complaint;
 - (C) where the complainant has a right to refer the complaint to a dispute resolution scheme approved by the Authority under

section 28A(1) of the Monetary Authority of Singapore Act — that fact;

(f) where an offer of redress or remedial action is accepted by the complainant, the payment of the money offered as redress, or the carrying out of the remedial action.

(4) Where the financial adviser's final response states that the financial adviser rejects the complaint, the financial adviser must provide the complainant with written reasons for the rejection of the complaint.

(5) A complaint received by a financial adviser is deemed to be resolved on the date of occurrence of either of the following events:

- (a) if the complainant accepts any explanation given or offer made by the financial adviser;
- (b) on the financial adviser sending its final response to the complainant in respect of the complaint.

(6) For the purposes of this regulation, where a financial adviser receives a complaint on any day other than a business day, or after the close of business on a business day, the complaint is treated as received by the financial adviser on the next business day.

Oversight of compliance with Regulations

6. A financial adviser must appoint either of the following to be responsible for the oversight of compliance with these Regulations by the financial adviser:

- (a) a member of the financial adviser's senior management who is not directly involved in the provision of any financial advisory service;
- (b) a committee comprising 2 or more members of the financial adviser's senior management who are not directly involved in the provision of any financial advisory service.

Information on complaints handling and resolution process to be publicly available

7.—(1) A financial adviser must ensure that information on the financial adviser's process for handling and resolving complaints (including information on how to make a complaint and the contact details of the financial adviser's unit mentioned in regulation 4(1)) is available to, and can be easily accessed by, any member of the public —

- (a) at the financial adviser's place of business; and
- (b) on the financial adviser's Internet website (if any).

(2) For the purposes of regulation 5(3)(a), a financial adviser must provide a written notice that sets out a summary of the financial adviser's process for handling and resolving complaints (including information on the procedures mentioned in regulation 5(3)(b) to (f)) to every complainant who has lodged a complaint with the financial adviser.

Centralised system for managing complaints

8.—(1) A financial adviser must establish a system to record, track and manage complaints received from complainants.

(2) For the purposes of the system mentioned in paragraph (1), the financial adviser must keep a record of each complaint received, including —

- (a) the details of the complaint;
- (b) all correspondence relating to the complaint;
- (c) all materials and information reviewed by the financial adviser in relation to the complaint; and
- (d) the outcome of the complaint.

(3) The financial adviser must keep the record mentioned in paragraph (2) for at least 5 years after the date on which the complaint is deemed to be resolved under regulation 5(5).

Biannual reports

9.—(1) A financial adviser must prepare, for each half year ending on 30 June or 31 December, or part of any such half year, during which the financial adviser provides any financial advisory service, a report in Form [] setting out —

- (a) every complaint received by the financial adviser; and
- (b) the actions undertaken by the financial adviser to resolve each complaint mentioned in sub-paragraph (a).

(2) The financial adviser must ensure that the report mentioned in paragraph (1) is signed by a member of the senior management of the financial adviser, and is lodged with the Authority no later than three months (or such longer period as the Authority may allow) after the end of the half year (or part of a half year) for which the report is prepared.

(3) The financial adviser must ensure that the report is in the English language and is prepared in accordance with any direction that is specified in Form [] or by the Authority.

(4) The Authority may refuse to accept the report if it is not completed or lodged in accordance with this regulation.

(5) Where strict compliance with Form [] is not possible, the Authority may allow for the necessary modifications to be made to that form, or for the requirements of that form to be complied with in any manner that the Authority thinks fit.

(6) In this regulation, any reference to Form [] is a reference to the current version of that form displayed at the Authority's Internet website.

Issuing of written directions to financial adviser or class of financial advisers to conduct review of compliance with business conduct requirements

10.—(1) Without affecting the generality of section 58 of the Act, the Authority may issue written directions to a financial adviser, requiring the financial adviser —

- (a) to conduct a review of the financial adviser's compliance with the business conduct requirements if —
 - (i) the Authority is satisfied that there may be regular failure by the financial adviser to comply with any business conduct requirement; or
 - (ii) the Authority considers it necessary or expedient in the public interest;
- (b) to submit a report on the outcome of the review mentioned in sub-paragraph (a); and
- (c) to provide periodic updates on the financial adviser's progress in resolving complaints.

(2) Without affecting the generality of section 58 of the Act, the Authority may issue written directions to a class of financial advisers, requiring every financial adviser in that class —

- (a) to conduct a review of the financial adviser's compliance with the business conduct requirements if —
 - (i) the Authority is satisfied that there may be widespread or regular failure by financial advisers in that class to comply with any business conduct requirement; or
 - (ii) the Authority considers it necessary or expedient in the public interest;
- (b) to submit a report on the outcome of the review mentioned in sub-paragraph (a); and
- (c) to provide periodic updates on the financial adviser's progress in resolving complaints.

Offences

11. Any financial adviser who, without reasonable excuse, contravenes regulation 4(1) or (2), 5(1), (2), (3) or (4), 6, 7(1) or (2), 8(1), (2) or (3) or 9(1), (2) or (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part of a day during which the offence continues after conviction.

Annex D

DRAFT SECURITIES AND FUTURES (CLASSES OF INVESTORS) (AMENDMENT) REGULATIONS 2021

DISCLAIMER: This version of the Regulations is in draft form. Barring any unforeseen circumstances and editorial changes, the draft Regulations will be published as is in Q4 2021

SECURITIES AND FUTURES ACT
(CHAPTER 289)
SECURITIES AND FUTURES
(CLASSES OF INVESTORS)
(AMENDMENT) REGULATIONS 2021

In exercise of the powers conferred by section 341 of the Securities and Futures Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

12. These Regulations are the Securities and Futures (Classes of Investors) (Amendment) Regulations 2021 and come into operation on _____ 2021.

Amendment of regulation 3

13. Regulation 3(9) of the Securities and Futures (Classes of Investors) Regulations 2018 (G.N. No. S 665/2018) (called in these Regulations the principal Regulations) is amended by inserting, immediately after paragraph (h) of the definition of “consent provision”, the following paragraph:

“(i) as applicable, regulation 3(2)(a)(ii) of the Financial Advisers (Complaints Handling and Resolution) Regulations 2021 (G.N. No. /2021);”.

Saving and transitional provisions

14.—(1) Despite these Regulations but subject to paragraphs (2), (3) and (4), an individual (called in this regulation A) to whom a financial adviser had provided any financial advisory service before [*date of commencement*] who —

- (a) before that date, had opted to be treated by the financial adviser as an accredited investor under regulation 3(3) of the old Regulations, or (being a trustee) was treated as having opted to be so treated under regulation 3(4) of the old Regulations, for all the consent provisions as defined in regulation 3(9) of the old Regulations; and
- (b) immediately before that date, had not notified the financial adviser that A does not consent to being treated by the financial adviser as an accredited investor for the purposes of all the consent provisions as defined in regulation 3(9) of the old Regulations,

is treated on or after that date as having opted to be treated by the financial adviser as an accredited investor for all the consent provisions, including regulation 3(2)(a)(ii) of the Financial Advisers (Complaints Handling and Resolution) Regulations 2021.

(2) If the financial adviser does not give A all the statements mentioned in paragraph (5) before [*please insert date*], then paragraph (1) only applies until that date.

(3) If, before A gives any notification mentioned in paragraph (4) to the financial adviser, the financial adviser gives A all the statements mentioned in paragraph (5), then paragraph (1) only applies —

- (a) so long as A has not notified the financial adviser that A does not consent to being treated as an accredited investor for the purposes of all of the consent provisions, including regulation 3(2)(a)(ii) of the Financial Advisers (Complaints Handling and Resolution) Regulations 2021; or
- (b) where A has given the notification mentioned in sub-paragraph (a) — until the expiry of the processing period,

and if the financial adviser has recorded in writing the fact mentioned in sub-paragraph (a) or (b), as the case may be.

(4) If, before the financial adviser gives A all the statements mentioned in paragraph (5), A notifies the financial adviser pursuant to the statement mentioned in regulation 3(3)(b)(iii) or (4)(c)(iii) (as the case may be) of the old Regulations that was provided by the financial adviser to A before [*commencement date*], that A does not consent to being treated by the financial adviser as an accredited investor for the purposes of all the consent provisions as defined in regulation 3(9) of the old Regulations, then paragraph (1) only applies until the earlier of the following dates:

- (a) [*please insert date*];
- (b) the last day of the period of time specified in the statement after which the financial adviser is not to treat A as an accredited investor for the purposes of all of those consent provisions.

(5) For the purposes of paragraphs (2), (3) and (4), the statements are as follows:

- (a) a statement that the financial adviser intends to continue to treat A as an accredited investor for the purposes of all the consent provisions (including regulation 3(2)(a)(ii) of the Financial Advisers (Complaints Handling and Resolution) Regulations 2021) starting on [*please insert date*];
- (b) a statement that A may at any time notify the financial adviser that A does not consent to being so treated by the financial adviser, upon which the financial adviser will not (after the processing period specified in the statement) treat A as an accredited investor for the purposes of all the consent provisions, including regulation 3(2)(a)(ii) of the Financial Advisers (Complaints Handling and Resolution) Regulations 2021; and
- (c) a statement setting out a clear explanation in plain language of the effect of A being treated by the financial adviser as an accredited investor for the purposes of regulation 3(2)(a)(ii) of the Financial Advisers (Complaints Handling and Resolution) Regulations 2021, in sufficient detail as to enable A to make an informed decision whether to give the notification of no consent mentioned in sub-paragraph (b).

(6) To avoid doubt, any notification of no consent mentioned in paragraph (3)(b) does not affect any transaction entered into before the processing period has passed.

(7) To avoid doubt, the cessation of the application of paragraph (1) by reason of paragraph (4) does not affect any transaction entered into before the date of such cessation.

(8) To avoid doubt, paragraph (1) does not prevent the individual from being treated by the financial adviser as an accredited investor for all the consent provisions (including regulation 3(2)(a)(ii) of the Financial Advisers (Complaints Handling and Resolution) Regulations 2021) by the operation of regulation 3(3) or (4) of the principal Regulations as in force on or after [*date of commencement*].

(9) For the purposes of paragraph (5)(c), a mere reproduction, restatement, paraphrase or translation of regulation 3(2)(a)(ii) of the Financial Advisers (Complaints Handling and Resolution) Regulations 2021 is not a clear explanation in plain language of the effect under that provision of a person being treated by the financial adviser as an accredited investor.

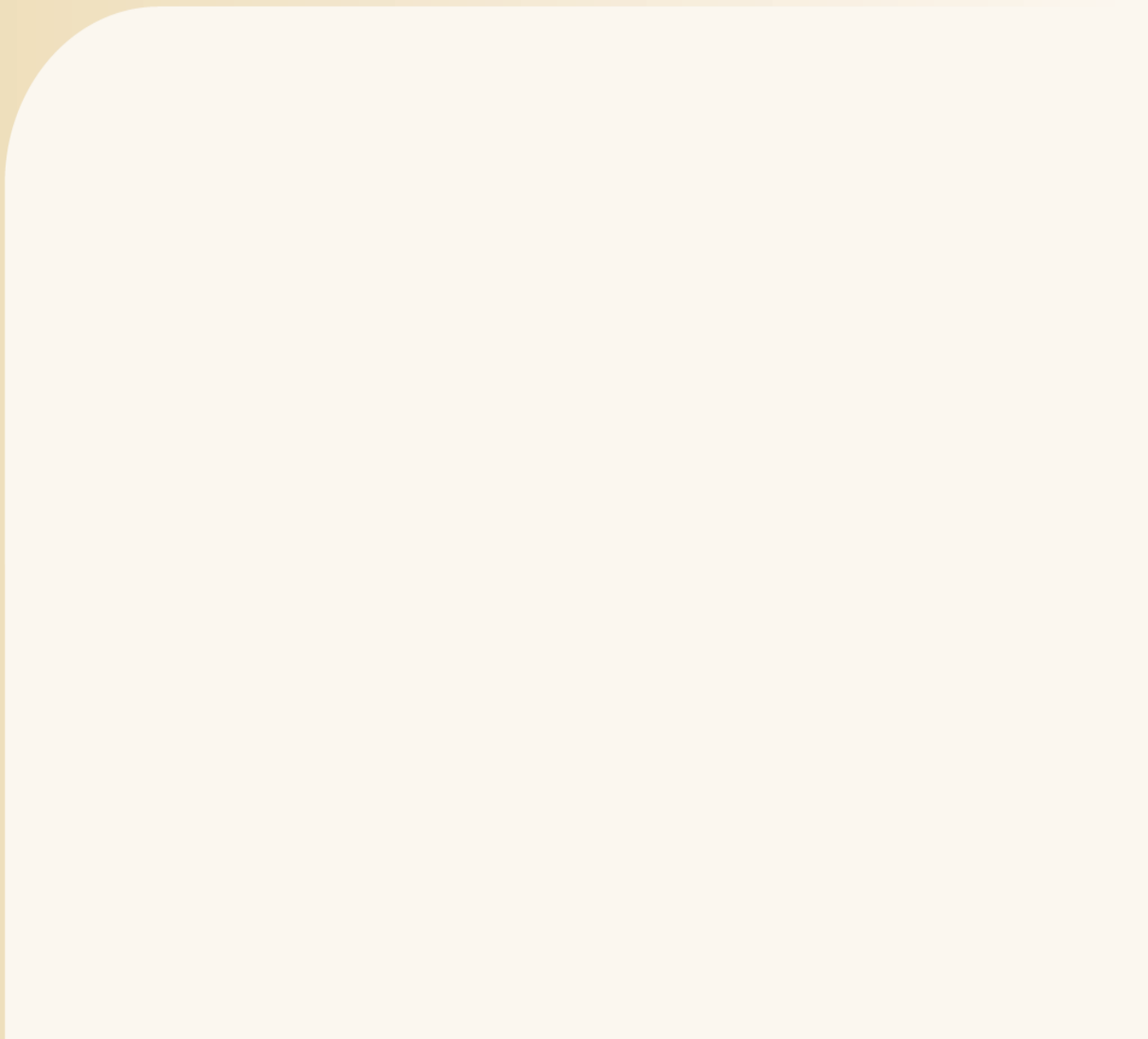
(10) In this regulation —

“financial adviser” has the meaning given by section 2(1) of the Financial Advisers Act (Cap. 110);

“old Regulations” means the principal Regulations as in force immediately before [*commencement date*];

“processing period” means —

- (a) where before [*date of commencement*], A had opted to be treated by a financial adviser as an accredited investor under regulation 3(3) of the old Regulations — a period equal to the period specified in the statement mentioned in regulation 3(3)(b)(iii) of the old Regulations that was provided to A; or
- (b) where before [*date of commencement*], A was treated as having opted to be treated by a financial adviser as an accredited investor under regulation 3(4) of the old Regulations — a period equal to the period specified in the statement mentioned in regulation 3(4)(c)(iii) of the old Regulations that was provided to A.



Monetary Authority of Singapore