

## Annex B

**SUBMISSIONS TO THE CONSULTATION PAPER ON CHANGES TO THE NOTIFICATION REQUIREMENTS IN RELATION TO REPRESENTATIVES SERVING ONLY NON-RETAIL CUSTOMERS**

*Note: The table below only includes submissions for which respondents did not request confidentiality.*

S/N	Respondent	Feedback from respondent
1.	Allianz Global Investors Singapore Limited	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>1. We would like MAS to clarify on the meaning of "<u>serve</u> retail clients". Do we need to differentiate "serve retail clients" between a direct and indirect manner?</p> <p>This is in the context that that fund manager typically do not have actual contact with retail customers (the fund manager and its representative do no advise or market CIS to retail customers), as compared to a financial adviser (the fund manager's appointed distributor) reaching out directly to retail customers, advising and/ or selling a CIS.</p> <p>As the retail fund manager creates and manages these funds that are sold by the appointed distributors to retail clients, is the service of the fund manager considered within the meaning of serve retail clients?</p> <p>From a Sales perspective, it is easy to intuitively distinguish what is meant by "serve retail clients". However, it becomes less clear when we talk about other functions. The reason why we are considering different functions is because in the SFA CMSL FAQs on Minimum Entry and Examination Requirements, it is indicated that the following personnel are required to be notified as appointed representatives: client servicing, research, central dealing, business development and marketing.</p>

		<p>Thus, would the portfolio managers, analyst, central dealers, and sales managers employed by the retail fund managers be considered to be in a non-retail role, and thus each of them can be exempted from notification as a representative?</p> <p>And in the event that portfolio managers or sales managers participate in end-client seminars hosted by the appointed distributors (e.g. banks or financial advisers) as speakers to provide factual information on the fund manager’s own funds, would this be deemed to be serving retail clients?</p> <p>2. Would the 9 hours structured training be applicable for the non-notified representatives of a CMS licensed fund manager? Although the non-notified representatives are not appointed, they are essentially performing the same function as a notified representative and are similarly bound by the requirements of ethics and skills.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework. NIL</b></p>
<p>2.</p>	<p>Aon Singapore Pte Ltd</p>	<p><b>General comments:</b></p> <p>We would like MAS to consider expanding the scope of the proposed changes to the Notification requirements, to include those representatives that deal only with corporate clients, in particular, for specialised business units where the representatives only advise on Group life policies to corporate clients. Such Group life plans are relatively straight forward ancillary products and provided as part of employee benefit package. The proposed changes to the Notification requirements would help to reduce administrative burden on the Company, and at the same time, allows the Company to have more discretion to design suitable competency requirements for the Representatives in accordance to the business needs.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>No comments</p>

		<p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>No comments.</p>
<p>3.</p>	<p>Association of Independent Asset Managers Singapore (AIAM)</p>	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>AIAM viewed the requirement to register Representatives as a best practice that assists prospective employers as well as clients to determine that the person they engage has fulfilled the Fit and Proper criteria. Such data base also provides flexibility for those who may wish to switch from serving non-retail customers to serving retail customers, thus enlarging the talent pool amongst different segments of business and increasing mobility.</p> <p>We recognise the merit to have Registered Representatives and maintain its status current by continuing to provide any notification of changes. However, to reduce the administrative burden on compliance, we suggest that the requirement to file notifications for simple changes in residential address, mobile#, etc. be reconsidered and removed, if thought appropriate.</p> <p>If there is flexibility for MAS to allow those who wish to stay in the Register and those who may not, i.e. an opt in and opt out system. This would serve the maximum of the FMC community especially those who may evolve overtime to develop their business into the retail segment without having to do the registration then with least transition work.</p> <p>Should the registration be maintained, we would suggest the following:</p> <ol style="list-style-type: none"> <li>1) Only critical information is to be maintained (i.e. NAME, Passport and IC details and Employer contact, Date of Appointment etc.). Information on the residential address and mobile#, marital status etc. need not be submitted.</li> <li>2) The timeline for submission of any changes in the details of the Registered Representatives should be amended from the current 14 days to one calendar month to allow sufficient time to complete the process.</li> <li>3) Would MAS consider the list of Registered Representatives to be organized in such a way that it can be easily checked or viewed by public in the site by just typing in names instead of the registered representative’s designated identification number given by MAS similar to the Financial Directory of CMS Licence Holders/ Registered Fund Managers?</li> </ol>

		<p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>In Para 4.11 in the recent May 2017 Consultation Paper II on the Draft Regulations Pursuant to the SFA, AIAM supported MAS' proposal to allow firms that are able to serve AI/II customers to be automatically authorized to serve Expert Investors (EIs) without extra licensing requirements.</p> <p>AIAM views MAS' proposal as a positive development in the right direction especially for the EAM industry as EAMs previously serving only AI/II can now look towards serving EIs.</p> <p>Individuals and Entities or professional service providers that fall within the EI class would be sophisticated enough to be considered as non-retail customers for the purposes of the proposed changes to the RNF framework.</p> <p>AIAM would like to enclose the presentation made to the MAS team back in Jun 2017 to reiterate our points in this regard.</p>
4.	BNP Paribas Singapore Branch	<p><b>General comments:</b></p> <ol style="list-style-type: none"> <li>1. We understand that the rationale of MAS' proposal to streamline the RNF framework and apply the notification requirements only in respect of representatives who serve retail customers is set out in para 3.2 of the consultation paper, which states "non-retail customers are generally better informed or better able to access resources to protect their own interests". We would like to highlight that the proposed streamlining may bring about other unintended consequences, such as: <ol style="list-style-type: none"> <li>a. FIs may need to conduct background checks with previous employers for prospective hires, which would not be possible if the representative failed to declare his previous employment status.</li> <li>b. Public/non-retail customers would no longer be able to check and ascertain if representatives are licensed with FIs, using the Register of Representatives. Accordingly, how should public/non-retail customers verify the representative's licensing status?</li> </ol> </li> </ol>

		<p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>We are generally in favour on the proposal.</p> <p>We wish to clarify whether such FIs are required to notify or seek approval from MAS for:-</p> <ol style="list-style-type: none"> <li>1. registering overseas based representatives;</li> <li>2. representatives with multiple hatting (i.e. represent 2 or more related SG regulated entities);</li> <li>3. representatives who had adverse information (other than PO or bankruptcy) but deemed to be fit &amp; proper after internal assessment</li> </ol> <p>We also wish to clarify whether such FIs will be exempted from SFA Notice (SFA 04-N10) requirements.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>Expert investors should be considered as non-retail customers.</p>
5.	BNP Paribas Securities Services Singapore Branch	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>BNP Paribas Securities Services Singapore Branch (BPSS SG) is supportive of this proposal.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p>

		No comments as BPSS SG does not accept natural persons as clients.
6.	BNY Mellon Investment Management Singapore Pte. Limited	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>We support this proposal of not requiring FIs to lodge notifications for representatives who serve only non-retail customers.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>We support the proposal of considering Expert Investors such as family offices (which rely on existing licensing exemptions for dealing with related persons) as non-retail customers.</p> <p>We would also like to feedback and propose to the MAS to consider licenced Financial Advisers and consultants, e.g. Mercer as non-retail as well. They currently do not fall within the definition of Institutional Investors and not likely to meet the definition of Accredited Investors. However we are of the view that they do have the expertise and resources to protect their own interests, hence the existing exemptions applicable to Institutional and Accredited Investors should also apply to these 2 categories of customers.</p>
7.	Citibank, N.A., Singapore Branch	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>We are supportive of the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers. Given that corporate customers are also generally better informed or have access to resources that will help protect their interests, we would like the MAS to consider the possibility of applying the notification requirements only to representatives servicing retail individuals.</p>

		<p><u>Responsibilities of FIs</u></p> <p>In respect of representatives who serve only non-retail customers and are not notified to MAS, FIs are required to maintain their own records of such representatives and these records must be promptly made available by the FIs to MAS upon request. In that regard, we assume the MAS would continue to prescribe regulations to mandate these representatives (who are not notified to the MAS) to notify their principal of any change in their personal particulars within 7 days after the occurrence of such changes.</p> <p>We would also like to recommend a centralised record keeping system that will be made available to all FIs to facilitate and ensure consistency in record keeping across FIs. This system will also allow FIs to cross check and verify licensing information (i.e. the period that the representative was acting on behalf of (another) FI and the activities that the representative previously conducted on behalf of (another) FI). This would also be in line with the initial intent of the MAS Register of Representatives i.e. a public record of registered individuals.</p> <p><u>Fitness and propriety of representatives</u></p> <p>Representatives who are not Notified Representatives would not be subject to the competency requirements under the relevant Notices. This includes requirements to pass specific Capital Markets and Financial Advisory Services (“CMFAS”) examinations modules. Although FIs would have the discretion to subject representatives who serve only non-retail customers and who are not notified to MAS to the CMFAS examination modules, there is no obligation so long as the FI is able to satisfy itself as to the competency of such representatives. Singapore is a well-established financial centre which attracts a sizeable number of foreign professionals coming to the Republic to join the industry. We are of the view that these foreign professionals have the necessary product knowledge but may not have the requisite understanding of local regulations. We would thus like to recommend that the Authority consider mandating a compulsory non-examinable course on local regulations for all Representatives to bridge any regulatory differences.</p> <p>We respectfully seek your Authority’s clarification if, with the proposed change, FIs would also no longer have to comply with the Notice on Reporting of Misconduct of Representatives (Notice No. SFA 04-N11), specifically where such Representatives, who are not Notified Representatives, fail to meet certain fit and proper criteria.</p>
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8.	Deutsche Bank Group Singapore	<p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p>



		<p>We recognise the MAS' rationale to reduce administrative burden of FIs by reducing number of notifications they have to lodge, as non-retail customers are generally better able to protect their own interests. Under the proposal, FIs are given flexibility to register the representatives and if they opt not to, such representatives would be exempted from the competency requirements under the SFA and FAA, including passing of CMFAS examination modules. However, we would like to highlight the following salient observations for MAS' consideration:</p> <ol style="list-style-type: none"><li>1. The current MAS regime entails a "centralized repository and monitoring framework" which promotes transparency and provides a level playing field for market participants, thereby contributing to Singapore's reputation as a financial centre with strong governance. We request MAS to review and reconsider the relative benefits of such governance against the efficiencies of the proposed procedural change for the reduction of administrative burden. One way could be to substitute the governance from MAS to ABS or IBF, with guidance from the MAS, such that consistency and standards in the conduct of representatives continue to be maintained according to the framework.</li><li>2. The proposal to give flexibility to the FIs on whether they will continue to register representatives who serve only non-retail customers, may cause inconsistency and also lead to logistic challenges when a representative changes employment to another FI or when an AI (accredited investor) customer chooses to opt-out and hence is to be treated as a retail customer. For the latter, the FI may find itself in a situation where, on short notice, it has to find another representative who is lodged with the MAS to serve the retail customer, while arranging the affected representative to register for examinations and registering the representative with the MAS. This could be disruptive to the FIs' conduct of business and also lead to potential client dissatisfaction and related consequences if the FI would not be in a position to service such clients, until it finds a suitable representative. Given that FIs are given leeway to self-regulate and ensure that staff who are conducting regulated activities under the SFA/FAA but servicing non-retail clients, there may be a disparity in standards and requirements adopted by the FI, which may differ from the industry and/or the requirements prescribed by MAS for the registered representatives under the RNF framework. To avoid such situations, we recommend that the MAS implements consistent and standard requirements for representatives conducting the same regulated activities, whether servicing retail or non-retail clients.</li></ol> <p>In addition, we would like to seek guidance in the scenario where a representative initially only manages AI customers and subsequently the customer opts-out and becomes a retail customer, what are the notification requirements and timeframe in such cases. In particular, we would like to understand if MAS requires notification to be lodged in such</p>
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		<p>proper conduct of their representatives, so as to promote consistency in the industry. It would also be beneficial to the industry to have minimum standards and defined guidance that FIs need to adhere to in this regard.</p> <ol style="list-style-type: none"> <li>6. In the event the MAS implements its proposal to remove notification requirements for individuals dealing with only non-retail customers, we would recommend that the MAS consider removing the flexibility for FI to decide whether to register the individuals, as well as standardise the minimum licensing and examination requirements, also for the reasons stated above.</li> <li>7. We would like to seek clarification whether notification with the MAS is required to be lodged in the case where the corporate entity holds a retail LFMC CMS license but the representatives only deal with accredited (AI) and institutional investors (II).</li> <li>8. We would also like to similarly seek clarification whether notification with the MAS is required to be lodged in the case where the representatives deal only with II and/or AI and speak at seminars, forums or conferences which may include retail audience.</li> </ol> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>We would like to recommend that Expert Investors should be treated as non-retail customers as they are sophisticated and capable of protecting own interests. We disagree with the description in section 4.3 of the consultation paper that the main category of persons who qualify as Expert Investors are individuals who work for FIs as traders, in respect of their personal trading activities. Apart from individual traders, there are hedge funds or boutique brokerage houses that are non-regulated but whose business involves the buying and selling, or holding of capital markets products, whether as principal or agent. We are of the view that such investors would also meet the Expert Investor definition under the SFA.</p> <p>We appreciate if the MAS could provide a consistent view to treat expert investors as non-retail customers not only for the purposes of the proposed changes to the RNF framework, but also accord the same regulatory exemptions made available to Institutional and Accredited Investors (as proposed in the May 2017 Consultation Paper II on Draft Regulations Pursuant to the Securities and Futures Act).</p>
9.	Eastspring Investments	<b>General comments:</b> NIL

(Singapore) Limited	<p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>(1) We are supportive of the proposal as this will not only reduce administrative burden of financial institutions (“FIs”) but also shorten the turnaround time for such representatives to commence regulated activities. If one, however, were to take into consideration the AI opt-in regime, the benefit to the proposal may be limited. The determination of licensing requirement will very much be based on clients’ opt in rather than the representatives’ job scope when AI opt-in regime kicks in. Practically it may significantly nullify the benefits of the proposal when a client opts to be treated as retail.</p> <p>(2) We also felt that representatives of fund management companies that operate on an omnibus model should be deemed as not serving retail customers and hence need not be subjected to the notification requirements for the following reasons:</p> <ul style="list-style-type: none"> <li>a) They do not have direct interface with retail clients except for participation in seminars or talks organized by distributors to share their views; and</li> <li>b) When sharing or presenting their views in such seminars or talks, they do not take into consideration specific investors’ investment objectives, suitability and risk appetite.</li> </ul> <p>(3) We also note that MAS continues to expect FIs to undertake appropriate due diligence to ensure the fitness and propriety of all representatives including those serving only non-retail customers. In this respect, MAS expects FIs to comply with the requirements set out in circular CMI 01/2011. We would like to highlight that the independent due diligence performed by vendors engaged by the FIs may not have full access to certain non-public information such as criminal investigations/arrests/warnings/reports of Singapore Police Force. We hope MAS will not penalise FIs for not conducting reasonable checks under such circumstances.</p> <p>(4) We note that MAS is applying the proposal to only newly engaged representatives and leaving it to the FIs to request for removal of existing registered representatives who serve non-retail customers from the public register of representatives. We are of the view that most FIs would prefer to remove existing representatives, who serve only non-retail customers, from the public register, to minimise the ongoing notification requirements. As such, we respectfully suggest that MAS make it mandatory for FIs to remove such representatives from the public register so as to promote a more level playing field for both new and existing representatives serving non-retail customers as well as facilitate easy implementation by FIs.</p>
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		<p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>NIL</p>
<p>10.</p>	<p>Fidelity International</p>	<p><b>General comments:</b></p> <p>We agree with the MAS’ observation that non-retail investors are generally better able to protect their own interests. Instead of relying on the MAS Public Register to confirm the licensing status of the representative whom they are dealing with, these non-retail investors place reliance on the financial institution to ensure that its representative is competent. Should there be any impropriety by the representative, these non-retail investors are able to seek legal recourse from the financial institution. In light of the above, we are supportive of the proposal to streamline the notification requirement in relation to representatives serving only non-retail customers. This proposal would help alleviate some of the compliance costs associated with (i) the lodgement of representatives under the current Representative Notification Framework (“RNF”), and (ii) ensuring that they adhere to the on-going reporting obligations applicable to notified representatives.</p> <p>To avoid any ambiguity with respect to the interpretation of the MAS’ intention, there are certain issues, as set out in this document, which we would like clarification from on.</p> <p>We would also like to take this opportunity to make the following suggestions for the MAS’ consideration:</p> <p><b>a) Refining the search criterion on MAS Public Register</b> - At present, a retail customer needs to first obtain the RNF number of the representative before he/she is able to carry out a search on MAS Public Register. This is not very intuitive and deviates from the practice in Hong Kong or in the United Kingdom, where a member of the public is able to conduct a search using the name of the representative, or the name of the financial institution that the representative is representing.</p> <p><b>b) Removing the requirement for representatives to maintain a register of their interests in securities</b> - As fiduciaries, fund management companies (“FMCs”) are expected to have a set of comprehensive in-house rules to govern and mitigate conflicts of interests associated with personal trading activities undertaken by their employees. These rules include, inter alia, obtaining prior approval from and making periodic declarations to the FMCs in respect of transactions undertaken by the employees in their personal accounts. Hence, we are of the view that it is not necessary for representatives to maintain a separate Form 15. The Hong Kong Securities and Futures Commission does not impose such requirement and we further note that the Singapore Exchange has recently proposed to remove this requirement for its members and their trading representatives.</p>

		<p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p><u>Scope of Retail Customers</u>  The general market understanding is that a retail investor refers to an individual<sup>1</sup> who purchases securities for his/her own personal account rather than for an organisation. Hence, it is an anomaly when MAS proposes to extend its Opt-in Regime for Accredited Investors to a non-natural person (e.g. corporate entity) to have the choice of being treated as a retail or Accredited Investor. This presents a conundrum to FIs given the customer in question is a non-natural person that meets the criteria to be deemed an Accredited Investor but opts to be regarded as a retail investor. Moreover, the premise of MAS' proposal (in this consultation paper) is that non-retail customers are generally better able to protect their own interests. We would then question the relevance of having representatives notified under the RNF in order to serve this segment of corporate customers (i.e. non-individual investors), which generally have the means and resources to protect their own interests.</p> <p>In view of the above, we recommend that the MAS clarify that the notification requirements would apply only to representatives serving retail customers who are individuals (i.e. natural persons).</p> <p><u>Definition of "Serving Retail Customers"</u>  We would like the MAS to clarify what would constitute "serving retail customers". Most FMCs distribute their investment products through financial intermediaries and the former do not contract with or deal directly with retail customers. The financial intermediaries (also known as distributors) are responsible for "knowing their customers", assessing their needs, and providing them with the appropriate investment advice. However, there may be some occasions where contact between the FMCs and the retail customers are inevitable. Such examples include –</p> <ol style="list-style-type: none"> <li>a. Corporate action relating to a specific investment fund: FMCs are required to communicate to investors any impending corporate action relating to a specific investment fund. Such communication usually takes the form of a written letter, which the distributor would on-forward to the retail customers.</li> <li>b. Fund/account related queries: The retail customers may contact the FMCs (either in writing or via phone) to request information on his/her holdings or to enquire on the specific investment fund he/she owns.</li> <li>c. End-client events organised by the distributors: The distributors organise seminars/conferences for its retail customers. As the product provider, the FMC may be asked by the distributors to send representatives to speak on specific fund(s) offered by the FMCs or to provide market outlook.</li> </ol>
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		<p>In the above examples, the FMCs’ representatives only provide factual product and/or account related information. Where product-related information is provided, it does not have regard to the specific needs or investment objectives of the retail customers. This is because the distributors are responsible for providing financial advisory services to their retail customers. Moreover, there exists a contractual relationship between the distributors and the retail customers in respect of the marketing of investment funds by the former. Hence, we are of the view that the activities carried out by FMCs’ representatives, as mentioned in items (a) to (c), do not constitute “serving retail customers”.</p> <p><u>Continuous Professional Development (“CPD”) Training Hours</u> The consultation paper mentioned that FIs which prefer that their representatives who only serve non-retail customer be listed on the Public Register and be Notified Representatives can continue to lodge notifications with MAS. In addition, existing representatives already on the Public Register who serve only non-retail customers would not be removed from the Register and would continue to be Notified Representatives. We would like to know whether such Notified Representatives would still be required to undertake the proposed minimum 9 hours of CPD training even if they do not serve any retail customers.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>The MAS may wish refer to the UK Financial Conduct Authority Handbook, which defines a retail customer as an individual who is acting for purposes which are outside his trade, business or profession.</p>
<p>11.</p>	<p>Great Eastern Life Assurance Co. Ltd.</p>	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>The Consultation did not specify if ‘serving non-retail customers’ extends to the prospecting activities for the selected group of representatives. If so, we would propose stringent measures to be implemented by Companies undertaking this proposal to ensure the selected representatives do not prospect and service retail customers on all channels. As the act of prospecting usually covers a wide array of customers (e.g. mainly retail customers from public prospecting such as roadshows), it should therefore take into consideration the kind of limitations to be enforced on prospecting activities for these selected representatives in reaching out to Accredited and Institutional Investors.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p>

<p>12.</p>	<p>Investment Management Association of Singapore</p>	<p><b>General comments:</b></p> <p>On 27th September 2017, the Investment Management Association of Singapore (“IMAS”) had sought our members’ (“We”) comments regarding the Consultation Paper on Changes to the Notification Requirements in relation to Representatives serving only Non-Retail Customers issued by MAS dated 25th September 2017 (“CP”).</p> <p>IMAS members welcome the proposal not to require FIs to lodge notifications for representatives who serve only non-retail customers. Considering the need to uphold MAS expectation that Financial Institutions continue to ensure the fitness, propriety and proper conducts of all representatives, we request MAS to further consider the implications from some of the proposals stated in the CP as set out below.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p><i>Potential implications on existing regulatory guidelines, notices and circulars</i></p> <ol style="list-style-type: none"> <li>1. The existing Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies, Registered Fund Management Companies and A/I Licensed Fund Management Companies will require at least two (2) representatives while the Retail Licensed Fund Management Companies are required to have at least three (3) appointed representatives. We request MAS to provide more clarity on whether these representatives need to be lodged under the Representative Notification Framework (“RNF”) to meet the minimum competency requirements.</li> <li>2. The existing Circular Due Diligence Checks and Documentation in Respect of the Appointment of Appointed Provisional and Temporary Representatives (CMI 01/2011) entails one of the requirements for a FI to check the Public Register of Representatives on the MAS website to verify the proposed representative’s past employment records as an appointed, provisional or temporary representative in Singapore, including any past regulatory action(s) taken against and/or prohibition order(s) issued on him which have been published on the Register. For representatives who are exempted from the notification requirement will no longer be tagged to a unique Representative Number, FIs may not be able to search within the MAS website to determine if the proposed representatives were subjected to past regulatory actions or prohibition orders. We seek MAS guidance to FIs on how FIs can conduct their due diligence on exempted representatives’ past records that may not be available in the MAS website.</li> </ol>
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		<p>3. The existing Notice of Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence Holders of Capital Markets Services Licence and Exempt Financial Institutions (SFA 04-N09) stated if the gap between the cessation and next appointment is less than three years, representatives will not need to re-take the CMFAS rules and regulations module if they had already passed them. However, for representatives who had already passed the relevant modules, and whose names which the FIs decided to remove from the MAS Register, we seek clarity from MAS on whether the three (3) years shall be counted from the date of cessation or from the date of resignation.</p> <p>4. The existing Notice of Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence Holders of Capital Markets Services Licence and Exempt Financial Institutions (SFA 04-N09) and Financial Advisers Act (CAP. 110) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (FAA-N13) stipulated existing exemptions for representatives serving AIs and Institutional Investors. We seek confirmation from the MAS that these exemptions will still be applicable for FIs which choose to continue lodging notifications to MAS for their representatives serving only non-retail customers.</p> <p>5. For FMCs holding Retail LFMC CMS licenses with representatives dealing only with institutional investors and accredited investors, we seek confirmation from MAS on whether FMCs need to lodge notifications MAS for these representatives.</p> <p>6. We seek confirmation from MAS that the reporting requirements under the Notice on Reporting of Misconduct of Representatives by Holders of CMS Licence and Exempt FIs, would continue to apply to representatives whom are not notified to MAS; whether the “inscope” population whom are subject to the Misconduct Reporting to include only the Notified Representatives and Misconduct Reporting would continue to be applicable to representatives not notified with the Authority.</p> <p><u>Practical challenges for FIs in implementing the proposed changes in the CP</u></p> <p>1. We noted the proposal in the CP may result in a lack of a centralised database for all appointed representatives when the discretion is left to the FIs on the notification of new representatives and removal of existing representatives.</p> <p><u>Clarification on the Interpretation of “serving retail customers “in the CP.</u></p>
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		<p>We seek to clarify with MAS on the interpretation on what would constitute “serving retail customers” as there may be occasions where contact between the FMCs and the retail customers cannot be avoided. Such examples include:</p> <ul style="list-style-type: none"> <li>a) Corporate actions relating to a specific investment fund: FMCs are required to communicate to investors any impending corporate action relating to a specific investment fund. Such communication usually takes the form of a written letter, which the distributor would on-forward to the retail customers.</li> <li>b) Fund and/or account related queries: The retail customers may contact the FMCs (either in writing or via phone) to request information on his/her holdings or to enquire on the specific investment fund he/she owns.</li> <li>c) End-client events organised by fund distributors: The distributors organise seminars/conferences for their retail customers. As a product provider, an FMC may be asked by the distributors to send representatives to speak on specific fund(s) offered by the FMCs or to provide market outlook.</li> </ul> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>We believe Expert Investors can be considered as non-retail customers given that they are sophisticated, investment savvy, and capable of protecting their own interests.</p>								
13.	Life Insurance Association, Singapore	<table border="0"> <tr> <td data-bbox="526 917 683 981"><b>Company</b></td> <td data-bbox="694 917 929 941"><b>General Comments</b></td> </tr> <tr> <td data-bbox="526 949 683 981"><b>N Income</b></td> <td data-bbox="694 949 1982 1053">We will continue to have systems and controls in place to ensure the standard fit and proper conduct of our newly engaged representatives and the requirement to pass specific Capital Markets and Financial Advisory Services (CMFAS) examination modules.</td> </tr> <tr> <td colspan="2" data-bbox="694 1093 1960 1157">Note: The term “existing representatives” are referring to only investment representatives who serve non retail customers.</td> </tr> <tr> <td data-bbox="526 1197 683 1228"><b>Prudential</b></td> <td data-bbox="694 1197 1982 1268">1. Would reps who serve only non-retail customers still need to be reported under MAS 318 and 306 and FAA annual questionnaire?</td> </tr> </table>	<b>Company</b>	<b>General Comments</b>	<b>N Income</b>	We will continue to have systems and controls in place to ensure the standard fit and proper conduct of our newly engaged representatives and the requirement to pass specific Capital Markets and Financial Advisory Services (CMFAS) examination modules.	Note: The term “existing representatives” are referring to only investment representatives who serve non retail customers.		<b>Prudential</b>	1. Would reps who serve only non-retail customers still need to be reported under MAS 318 and 306 and FAA annual questionnaire?
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<b>Prudential</b>	1. Would reps who serve only non-retail customers still need to be reported under MAS 318 and 306 and FAA annual questionnaire?									

		<p>2. The consultation paper says - <i>“Existing representatives already on the Register who serve only non-retail customers would not be removed from the Register and would continue to be Notified Representatives.”</i></p> <ul style="list-style-type: none"> <li>- If these reps remain on the register, do they still have to meet the competency requirements in MAS notices? The Consultation Paper exempts non-retail reps from the competency requirements.</li> <li>- Is there still a need to report under FAA-N14 if there is a substantiated complaint found for sales closed on retail customers previously?</li> <li>- For consistency in treatment shouldn't existing reps on RNF who serve only non-retail customers be de-registered?</li> </ul> <p><b>Company</b>      <b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p><b>China Life</b>      We support the proposal to not require notification lodgement for representatives who serve only non-retail customers.</p> <p><b>GE Life</b>      The Consultation did not specify if ‘serving non-retail customers’ extends to the prospecting activities for the selected group of representatives. If so, we would propose stringent measures to be implemented by Companies undertaking this proposal to ensure the selected representatives do not prospect and service retail customers on all channels.</p> <p>As the act of prospecting usually covers a wide array of customers (e.g. mainly retail customers from public prospecting such as roadshows), it should therefore take into consideration the kind of limitations to be enforced on prospecting activities for these selected representatives in reaching out to Accredited and Institutional Investors.</p>
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		<p><b>Manulife</b> Our view is for FIs to continue to lodge notifications for reps who serve only non-retail customers. Reason being there will then be consistency as they will be subject to the same competency requirements and Non-retail customers’ interest is taken care of.</p> <p><b>N Income</b> We would like to adopt the proposal from MAS for our newly engaged representatives going forward and these representatives would be exempted from the requirement to be Notified Representatives under the section 99B of the SFA and section 23B of the FAA as they only serve non-retail customers.</p> <p>We would like to request MAS to remove our existing representatives from MAS register. (CP Paragraph 3.3) The existing representatives we are referring to are only investment representatives who serve non retail customers.</p> <p><b>Swiss Life</b> We support the proposal.</p> <p><b>Company</b> <b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p><b>China Life</b> We are of the view that Expert Investors should be categorised as non-retail customers.</p> <p><b>Manulife</b> Our view is to consider Expert Investors as non-retail customers if they are also Accredited investors. This would take into account both skillset and net worth.</p>
14.	Lymon Pte Ltd	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>We recognise that the proposal not to require FIs to lodge notifications for representatives who serve only non-retail customers allows FIs to cut down the administrative burden of reporting such details to MAS.</p>

		<p>However, the removal of these representatives on the register may hinder due diligence checks conducted by investors and potential employers on them, particularly if no misconduct reporting is required to be performed to MAS.</p> <p>We thus suggest that MAS keep the requirement for the registration of representatives, to display names of representatives serving non-retail customers on the Register, and to continue applying the framework for misconduct reporting of representatives, while waiving the requirement for FIs to lodge notifications relating to particulars changes for these representatives.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>We agree that Expert Investors should be considered as non-retail customers for the purpose of the proposed changes to the RNF framework.</p>
<p>15.</p>	<p>Mizuho Bank, Ltd, Singapore Branch</p>	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>(a) We are in favour of removing the notification requirement in respect of representatives who serve only non-retail customers as proposed.</p> <p>(b) Paragraph 3.11 provides that, although representatives who serve only non-retail customers "would no longer be directly subject to requirements under the SFA and FAA which apply to Notified Representatives", FIs will continue to be subject to these requirements.</p> <p>Taking into account that FIs already enjoy certain exemptions when dealing with non-retail customers, for clarity, it will be helpful if MAS can provide further guidance as to the SFA and FAA requirements that FIs will still be subject to following the proposed change.</p>

		<p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>NIL</p>
<p>16.</p>	<p>Moody’s Investors Service Singapore Pte Ltd (“MIS”)</p>	<p><b>General comments:</b></p> <p>MIS has focused our comments on Question 1 of this Consultation Paper. Please see below.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>MIS welcomes MAS’ proposal to streamline the RNF to exempt representatives of Capital Markets Services (“CMS”) licensees who only serve non-retail customers from the notification requirements under the RNF. We note that under the Consultation Paper, “non-retail customers” refer to Accredited Investors (“AIs”) and Institutional Investors (“IIs”) as defined under section 4A of the SFA (“Non-Retail Customers”). We acknowledge the rationale for this proposal is that Non-Retail Customers are generally better informed or better able to access resources to protect their own interests, thus the notification requirement for newly engaged representatives serving only Non-Retail Customers should be removed, and help reduce the administrative burden on FIs in lodging such notifications. It thus appears to us that investor protection is the main thrust of the proposed streamlining of the RNF.</p> <p>Under the SFA, AIs and IIs are specific classes of investors referenced in the context of securities offers made by issuers and financial market intermediaries. Our understanding is that the proposed streamlining of the RNF only covers representatives of FIs who serve only AIs and IIs. However, the customer base of CRAs is predominantly comprised of issuers of debt securities offerings and financial market intermediary customers (including investment banks) – these are not investors under the AI or II definitions, and would thus not be considered Non-Retail Customers. Consequently, the proposal to streamline the RNF would appear to be inapplicable to the representatives of CRAs that operate under the issuer-pays business model. However, in our view, the rationale to streamline the RNF for representatives serving only Non-Retail Customers is equally applicable to customers of CRAs who are not investors, such as issuers of debt securities and financial market intermediaries (including banks, financial institutions and other corporations) (“Non-Investor Customers”). Like AIs and IIs, these Non-Investor Customers are generally better informed and better able to access resources to protect their own interests. It would thus be incongruous that representatives dealing with AIs and IIs will no longer be subject to notification requirements under the RNF, whilst representatives dealing with Non-Investor Customers must still meet the said notification requirements. Given</p>

		<p>the nature of the relationship between a CRA and its issuer / financial market intermediary customers, it is arguable that Non-Investor Customers do not require more consumer protection as compared to AIs and IIs. Therefore, it is our view that FI representatives that serve (1) AIs or IIs, or (2) issuers and/or financial market intermediaries generally should also be exempt from notification requirements under the RNF. We also note that under the current proposal, FIs would continue to be required to undertake appropriate due diligence to ensure the fitness and propriety of all representatives including representatives serving only Non-Retail Customers For example, FIs would still be required to maintain their own records of representatives. MAS would also expect FIs to have in place systems and controls to ensure the proper conduct of their representatives. If the scope of non-retail customers under the Consultation Paper is broadened to include issuers and financial market intermediaries, we believe the same approach would be appropriate for FIs, including CRAs, that serve these Non-Investor Customers. In fact, MIS already has a system in place that is responsive to the proposed requirements. Specifically, MIS currently maintains its own records of its representatives. MIS also requires that its newly engaged representatives undergo strict due diligence criteria to ensure their fitness and propriety, and are subject to ongoing technical and Compliance training requirements.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>NIL</p>
<p>17.</p>	<p>NGA Benefits Singapore Pte Ltd</p>	<p><b>General comments:</b></p> <p>Seeking clarification on the definition of non-retail customers.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>The consultation paper mentions under the Scope for non-retail customers that for non-retail customers refer to Accredited Investors and Institutional Investors. Would the definition also extend to corporates who may not be investors i.e. companies that buy insurance policies for their company employees. Or can it be interpreted that the notification requirement apply only to those who deal with retail customers and anything else falls outside of ‘retail customers’ and therefore fall under the non-retail customers?</p>

		<p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>No Comment</p>
<p>18.</p>	<p>RHT Compliance Solutions Pte Ltd.</p>	<p><b>General comments:</b></p> <p>We conducted a roundtable discussion with industry members/financial institutions around the substantive issues raised in the Consultation Paper. The roundtable was attended by 39 attendees from 29 companies on 17 October 2017. While we are broadly supportive of the proposed regime for Representative Notification Framework (“<b>RNF</b>”) outlined in the Consultation Paper on Changes to the Notification Requirements in relation to Representatives serving only Non-Retail Customers (the “<b>CP</b>”), we urge MAS to further consider the implications of certain points raised in the CP. We set out below our thoughts on some of the questions in the CP and include comments.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>The attendees had mixed reactions towards the regime as it, on one hand eases the reporting requirements of Financial Institutions (“<b>FI</b>”) but, on the other, raises several concerns circling how FIs local or foreign would be able to verify the past positions of their representatives.</p> <p>The attendees were generally are in favour of MAS removing the CMFAS requirements for representatives serving accredited investors (“<b>AIs</b>”) and institutional investors (“<b>IIs</b>”), as non-retails are better informed and have more resources to protect their interests as compared to retail investors.</p> <p>There were requests from attendees for clarification on whether representatives who opt-out are still required to retake their relevant Capital Markets and Financial Advisory Services Examination (“<b>CMFAS</b>”) exams when they opt back into the RNF scheme to serve AIs and IIs. Respondents felt that such representatives should be exempted from having to take the CMFAS exams as they have the relevant experience and are still serving non-retail clients.</p> <p><b>Easing of the RNF regime</b></p> <p>Attendees had mixed reactions towards the proposed removal of the RNF regime for AIs and IIs. Some felt that conceptually, the underlying reasons for the removal of the RNF regime for representatives serving AIs and IIs were good. However, some attendees felt that some representatives under the current RNF regime might feel that it could be advantageous for them to retain their RNF status, especially if they decide to move on to other careers that serve retail clients.</p>



		<p>Some attendees felt that if representatives could decide whether or not to opt out of the RNF scheme that could pose practical difficulties for tracking by Compliance or Licensing Teams of FIs.</p> <p>Some felt that the RNF scheme should be retained, but some of the “pain points” should be removed – these are elaborated below.</p> <p>There were several permutations that were floated:</p> <ol style="list-style-type: none"> <li>1. Retain RNF regime but remove some of the “pain points” (e.g., reporting of changes in personal particulars of spouse). The attendees felt that such tasks are time consuming and have little to no material impact on the reliability of a representative on fit and proper grounds;</li> <li>2. Retain RNF regime but exempt foreign representatives who only serve AIs and IIs from having to apply as temporary representatives, as currently required under, Paragraph 9 of the Third Schedule to the Securities and Futures Act (“SFA”);</li> <li>3. Retain RNF but remove the need to file the ‘Declaration of NIL Return of Misconduct of Representatives’ for non-retail serving representatives who opt out of the RNF system, as required under SFA04-N11;</li> <li>4. Remove RNF but address points about due diligence checks for previous criminal records or misconduct report. If the RNF regime under the CP is implemented, there will be a gap in screening representatives for misconduct report or previous criminal conduct (not all criminal cases are reported in the media) – as these are now done mainly by MAS. While FIs are encouraged to share information with new employers as to whether a representative has had previous issues with misconduct, this is currently not practised across the board by FIs. Anecdotally, most FIs shy away from sharing information about a previous representative. To plug the risk, there should be alternative means to allow FIs to check for misconduct or previous criminal records; and</li> <li>5. Remove RNF and also extend the relaxed requirements to the appointment of Chief Executive Officer (“CEO”) and Directors. Attendees suggested that the current process where MAS pre-approves the appointment of CEOs and Directors of FIs which only serve AIs or IIs can be removed. This would be entirely consistent with the underlying policy consideration for removing the RNF regime for representatives serving AIs and IIs.</li> </ol> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>The Respondents were in favour of considering Expert Investors as non-retail investors, as they have the relevant knowledge and the technical know-how to trade in sophisticated products. In fact, they will probably be able to take care of their interests better than some AIs.</p>
19.	Schroder Investment Management (Singapore) Ltd	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p>

		<p>We are of view that the proposal of not requiring FIs to lodge notifications for representatives (“reps”) who serve only non-retail customers may result in the following:</p> <p><b>(A) Lack of a centralised database on information on the appointed reps</b></p> <p>The purpose of introducing the RNF way back in 2010 was to provide an online public register of reps which facilitate FIs to lodge notifications with MAS for reps conducting regulated activities as well as providing a common database for FIs to search and obtain information on reps, to allow a consistent approach and transparency across the entire financial industry. The current proposal would create discrepancies and incomplete information available on this one and only database as the discretion is left to the FIs on the notification of new reps and removal of existing reps. We believe this public register of reps is an important database which enable FIs to obtain information when conducting due diligence for onboarding of new reps as well as obtaining information on enforcement actions on the reps.</p> <p>We would also like to draw reference to the MAS consultation on RNF in Jan 2017 where we have feedback to encourage the enhancement of the system such that the search of a rep on the public register can be done using the individual’s name or company’s name instead of the rep’s unique RNF number. These would make information more readily available and simplify the search process, allowing the public and FIs to check if individuals are in fact an appointed rep of an FI.</p> <p><b>(B) Reversion to Pre-RNF days</b></p> <p>In principle, FIs continue to be subjected to the requirements under the SFA and FAA, and are still required to put in place systems, controls and procedures to ensure all reps comply with applicable laws, codes of conduct and standards of good practice. While the proposal gives FIs the flexibility to maintain their own records of reps that serve only non-retail clients and option whether to notify MAS via RNF or manually maintain a register, this seems like a regression to the pre-RNF days where records of exempted reps are inconsistently across the industry.</p> <p>In general, we prefer to retain the existing framework of lodging the notifications with MAS as long as the reps perform any of the regulated activities, regardless of category of clientele. We acknowledge the good intentions behind this proposal of reducing the administrative burden of FIs by reducing the number of notifications lodged. However, the benefits to complete the notification process online to appoint a rep outweighs the proposed procedural change which we believe could create inconsistencies in the RNF and monitoring processes.</p>
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<p>20.</p>	<p>Securities Association of Singapore</p>	<p><b>General comments:</b></p> <p>The definition of Institutional Investors is still under revision. Current definition of Institutional Investors is limited and do not include overseas Financial Institutions, which could be a problem.</p> <p>The definition of Institutional Investors should be changed concurrently when the Opt-in Regime for Accredited Investors is effective.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>With reference to para 3.10 &amp; 3.11, members suggest clarification on the said exemption from CMFAS requirements to include exemption from CPD hours. With the proposed change, there may be possible confusion. It would be helpful for MAS to clarify the licensing/exam/CPD requirements. Representatives servicing non-retail clients: since members no longer need to lodge notification with MAS (and are hence not included in the Register), they would not be required to be a Notified Representative. They would not have any Rep number. Therefore what should they be called on their name cards? Can the name 'Trading Representatives' continued to be used? For representatives/teams who service Accredited Investors (for example Corporate Finance team), it seems members do not need to notify MAS and subject the representatives to the CMFAS exam requirements. What about CPD requirements?</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>1. Members would like to seek clarification if this will also be after the definition of Institutional Investors has been amended to include overseas Financial Institutions and any sovereign fund entities (under the same consultation as the redefinition of</p>

		<p>Accredited <span style="float: right;">Investors).</span></p> <p>2. The main category of persons who qualify as Expert Investors are individuals who work for FIs as professional traders, in respect of their personal trading activities. They would be in better position to take care of their own interest than general retail customers.</p> <p>3. We suggest that Expert Investors be categorized as non-retail customers for the purposes of the proposed changes to the RNF framework.</p>
<p>21.</p>	<p>St. James’s Place (Singapore) Private Limited</p>	<p><b>General comments:</b></p> <p>N/A</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p><u>Clients’ Interests</u></p> <p>We are of the view that regardless of whether the clients are classified as retail or non-retail clients, they would appreciate the ability to access representative’s information/details on the Representative Notification Framework (“RNF”). It was also for this reason the RNF was established by the MAS, to allow clients to check the public register for any adverse records and confirm that they are dealing with appointed representatives.</p> <p>In addition, non-retail clients may not necessarily be better informed or better able to access resources to protect their own interests. It is for this reason, MAS will be implementing the opt-in and opt-out accredited investor (“AI”) regime next year to allow individuals who qualify to be an AI to be treated as a non-AI if he/she prefers to. With the proposed exemption, it appears that the industry is moving away from the objective of safeguarding clients’ interests.</p> <p><u>Competency of Representatives</u></p>

		<p>Following the proposed exemption, representatives who only serve non-retail clients are not required to undergo specific examination modules. Whilst firms are responsible in ensuring their representatives are competent, new entrants who lack the experience and knowledge may abuse the proposed exemption by opting to join firms that only serve non-retail customers for convenience and continue to be “unfit” when dealing with clients’ monies. This will not only pose an issue to potential employers who are required to perform their probity checks prior to any appointment, it may also result in employment issues for firms that serve retail clients.</p> <p>From the clients’ perspective, there will be no assurance in relation to the representatives’ competency as verification could no longer be done via the RNF.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>N/A</p>
22.	Sumitomo Mitsui Banking Corporation Singapore Branch	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>With reference to paragraph 3.8 of the CP, we seek clarification on whether financial institutions (“FIs”) whose representatives only serve non-retail investors have complete discretion to determine whether the fit and proper criteria and competency requirements for its representatives are satisfied. If not, would MAS be providing separate guidance regarding the relevant requirements for representatives (e.g. the minimum number of hours required for continuous professional development) or is it the regulatory expectation that FIs are to benchmark such requirements against the requirements for registered representatives?</p> <p>With reference to paragraph 4 of the CP, we seek clarification on whether a company which itself is not an accredited investor (“AI”), but is wholly owned by one or more AIs, would be considered to be a non-retail customer for the purposes of this CP. In this regard, we note that this approach is consistent with the proposed amendments to the definition of AIs in the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005.</p>

		<p>In a similar vein, in line with the policy objective of protecting investors who are generally not better able to protect their own interests, we seek clarification on whether listed companies or companies which have prior experience in dealing with investment products may be treated as non-retail customers for the purposes of the proposed changes to the RNF framework, as such companies may be generally considered to be better informed or better able to access resources to protect their own interests.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>N.A</p>
23.	Swiss-Asia Financial Services Pte Ltd (“Swiss-Asia”)	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>Swiss-Asia maintains a strong view that the RNF system should remain for the following reasons:</p> <ol style="list-style-type: none"> <li>a. MAS’s proposal on not requiring notification for representatives who manage accredited investors only places disproportionate pressure on the Company. The Management of the Company acknowledges and agrees that it has a quintessential obligation to reasonably ensure that every application put forth to MAS must be deemed fit and proper and this is done within the Company’s limited resources. Given that MAS would be privy to much more information and resources, the RNF system would act as a safety net should there be any adverse information on the applicant not flagged out by the Company’s resources .</li> <li>b. It is also in the public interest and for public policy reasons that the notification system acts as one of the safeguards to investors’ interest(s). Investors (whether local or foreign) may take comfort with the fact that the representatives are regulated by MAS, and they have the liability to respect the guidelines and/or notices issued by MAS.</li> <li>c. Conversely, without the notification system, this inherently means that investors would not be able to perform basic due diligence on their investment advisors and/or managers via the MAS enforcement news / search.</li> </ol>

		<p>d. The regulatory climate around the world has given every authority in various jurisdictions impetus to augment transparency amongst investors, stakeholders, and financial institutions alike. It is our humble view that MAS’s proposal would be retrograde with respect to regulatory transparency. We have observed that jurisdictions like Hong Kong (SFC), United Kingdom (FCA) and even United States (SEC), records of all licensed representatives are readily available for the public to view. In contrast, one would require the representative’s number before such information is available.</p> <p>e. Lastly, we humbly submit that providing an option for licensed companies to lodge a notification to MAS defeats the spirit of notification itself. We reiterate that the regulators need to stay involved for public interest as well as upholding the standards that licensed representative should meet.</p>
24.	The Bank of Tokyo-Mitsubishi UFJ, Ltd	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>We recognise the merits of the proposals in section Fitness and propriety of representatives (Paragraph 3.6 - 3.10), but for the scope of this Consultation, we would like to propose that the MAS provide more guidance to FIs for assessing competency of their representatives. This will ensure that:</p> <ol style="list-style-type: none"> <li>1. There is a consistent standard of competency across all FIs.</li> <li>2. Where there is staff/Representatives movement (across the FIs), to ensure that competency standards are maintained and not diluted over time, given the varying standards (of competency) which may exist across different FIs, some of whose Representatives may serve a mixed portfolio of Retail and non-Retail customers.</li> </ol> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>NIL</p>
25.	UniCredit Bank AG	<p><b>General comments:</b> NIL</p>

		<p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>We support the above proposal and would like to clarify paragraph 3.2 of the consultation paper which states “<i>Such representatives would be exempted from the requirement to be an Appointed Representative, Provisional Representative or Temporary Representative (collectively “Notified Representatives”) under section 99B of SFA and section 23B of FAA.</i>” would mean that there is no longer a distinction between resident and non-resident representatives so long as the latter only serve non-retail customers. If this is so, we support the proposal since the bank will still be required to ensure that non-resident representatives meet the MAS Guidelines Fit and Proper criteria, to comply with the requirements of SFA and FAA on internal controls and to maintain the records of such non-resident representatives locally by the bank under the proposed framework.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>We support the above proposal to consider Expert Investors as non-retail customer for the purpose of the RNF framework.</p>
<p>26.</p>	<p>United Overseas Bank Limited</p>	<p><b>General comments:</b></p> <p>We support MAS’ proposals. However, we appreciate MAS’ clarification / confirmation on some questions. In addition, we would like to seek MAS’ consideration on our views on some of the proposals.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>1. Where the FI no longer lodge notifications with MAS for representatives serving only non-retail customers, and an Accredited Investor (“AI”) client decides to convert to non-AI status under the Opt-in Regime for AI, we would like to seek clarification from MAS if the FI will still be exempt from the requirement to lodge notification with MAS for its representatives who are serving this client.</p>



		<p>Where no exemption is provided, what is the timeline provided to the FI to lodge the notification with MAS for these representatives?</p> <p>2. We would like to seek clarification / confirmation that the representatives of a fund management company (FMC) in the following scenarios would not be required to be a Notified Representative and would not be subject to the competency requirements (in paragraph 3.7 under the relevant Notices) to pass specific CMFAS examinations in respect of both SFA and FAA activities:</p> <p>Scenario 1: It is industry practice for FMCs to appoint distributors to distribute their retail funds and these FMCs do not provide financial advisory (FA) services to the end retail clients. These distributors may invite the representatives of the FMCs to speak to retail customers of the distributors in events / seminars, in particular, to provide information or updates on the investment products managed by the FMCs as well as to provide their market outlook.</p> <p>Scenario 2: Representatives of a retail licence FMC (RLFMC) who are part of a unit or team within the company that serve only non-retail customers, such as institutional investors and accredited investors. Such representatives may be from the Business Development/Client Servicing team or the Investment Management team.</p> <p>Scenario 3: Representatives of a LFMC may market its funds through distributors such as independent financial advisers who are licensed under the FAA but may not qualify as an Accredited Investors (“AIs”) and do not fall within the definition of Institutional Investors (“IIs”) under the SFA (referred here as the “IFAs”). Should the LFMC include IFAs in its panel of distributors, whether the relevant representatives dealing with distributors (including the IFAs) would be required to be a Notified Representative and subject to the competency requirements (in paragraph 3.7 under the relevant Notices) to pass specific CMFAS examinations in respect of both SFA and FAA activities.</p> <p>Scenario 4: Where the FMC provides robo-advisory services, whether the staff managing the robo-advisory services which may or may not include responding to queries from customers would be required to be a Notified Representative and subject to the competency requirements (in paragraph 3.7 under the relevant Notices) to pass specific CMFAS examinations in respect of both SFA and FAA activities.</p>
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27.	Respondent A	<p><b>General comments:</b></p> <p>We see an increasing risk to clients as well as the reputation of the specific financial institutions and the financial centre when financial institutions are not required to submit their certification of the fit and proper status of their representatives servicing non-retail clients to MAS for the registration of the representative. For this reason, we are in favour of maintaining the current notification requirement.</p> <p>In case the representative notification framework is changed not to require the notification of representatives who service exclusively non-retail investors, we support the option to voluntarily register such representatives as Notified Representatives.</p>

		<p>However, Notified Representatives should be required to comply with all requirements of regular representatives, including the passing of applicable CMFAS examinations and CPD.</p> <p>Furthermore, we suggest including expert investors in the opt-in regime where they can opt in to become expert investors, but are not automatically classified as qualified investors.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>Criminal conduct or even unethical conduct by a representative of any financial institution can damage the reputation of the financial centre; even more when large sums are involved such as with wealthy individuals and entities.</p> <p>Moreover, financial institutions may be prone to take the fit and proper verification less seriously, when they do not need to certify this fact to the MAS, thus increasing the risk to the client as well as to the reputation of the financial institution itself and of the entire financial centre.</p> <p>In our opinion, the reduction of administrative tasks for financial institutions servicing accredited, institutional and (possibly) expert investors does overall not justify the reduction in assurance for clients and the reputation of the financial centre. As a result, we recommend the continuing registration of all representatives.</p> <p>The missing registration of representatives who service non-retail investors may also jeopardise their standing. They will not be able to provide independent evidence that they are deemed fit to provide financial services. This concern is however adequately mitigated by the option to register voluntarily as Notified Representative. In this context, we moreover suggest that the public register of representatives maintained by MAS becomes searchable by name rather than only by representative number. This will facilitate the prospect's or client's verification of the representative's listing.</p> <p>In Notices SFA04-N09 and FAA-N13, representatives who exclusively services accredited and institutional investors are exempted from passing CMFAS exams with regards to several types of regulated activities (para. 23(c), 24(c), 28(c) SFA04-N09; para. 24(b)(i)-(ii) FAA-N13). This is not fully aligned with the statement in para. 3.8 of the Consultation Paper that representatives who exclusively serve non-retail investors are required to pass specific CMFAS examination modules. However, this may be resolved by fully dropping representatives who service non-retail clients from the register of representatives while giving them the option to voluntarily list as Notified Representatives, but require all listed representatives to meet all requirements, including the CMFAS examinations and CPD.</p> <p>As indicated above, in order to increase the standing of representatives listed in the register of representatives, we suggest requiring all representatives to pass the respective CMFAS examination modules and maintain CPD irrespective of the clients they are servicing. The larger and more complex range of financial instruments available to non-retail clients even demands for better qualified representatives than for retail clients.</p>
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<p>28.</p>	<p>Respondent B</p>	<p><b>General comments:</b></p> <p>Propose to extend the scope of non-retail customers for purposes of this consultation to refer to Accredited Investors, Institutional Investors and corporate customers applying for group insurance as part of their employee benefit programs.</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>Agree with this proposal.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>Propose to consider Expert Investors as retail customers. It would be presumptuous to assume that all individuals who are Expert Investors would be savvy enough to be able to make informed financial decisions relating to all types of designated investment products under MAS' purview and that they are generally better able to protect their own interests. If and when these Expert Investors do qualify as Accredited Investors ("AI"), they can then be regarded as non-retail customers. Until such</p>

		<p>time, these Expert Investors should be accorded the same level of protection that MAS intends to provide for general retail consumers.</p>
<p>29.</p>	<p>Respondent C</p>	<p><b>General comments:</b></p> <p>It seems that the proposal will likely cater more to the Licensed Fund Management Company (FMCs) carrying on business in fund management with qualified investors only (i.e. the Accredited Investors and Institutional Investors) (“A/I Licensed FMC”) than the Retail Licensed FMCs.</p> <p>We would like to seek clarification if the intent of the proposal is also meant for Retail Licensed FMCs?</p> <p>For such representatives who serve only non-retail customers and are not notified to MAS, would they still be deemed as “licensed” representatives to conduct regulated activity? We are not sure of the implications on these representatives who do not need to be notified yet are deemed as conducting regulated activity. In the event such representatives choose or by circumstance need to be notified (e.g. change of job role from serving non-retail to serving retail customers), do they state that they have carried on business in regulated activity for the similar question of the Form 3A for the notification for appointment of an appointed Representative?</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>We wish to clarify the following:</p> <ol style="list-style-type: none"> <li>1. What is meant by the phrase “serve retail customers”? What is the scope and definition of serving non-retail customers? Would a company that does not conduct direct sales to retail customers qualify from this exemption e.g. a company that only distributes its retail products through distributors?</li> <li>2. What about servicing of legacy retail clients who can no longer purchase any investment products from the company but who can only redeem their existing investments? Can such a company dispense with representatives “serving retail customers”?</li> <li>3. If an accredited investor “opts out” of being an accredited investor, would a company with no representatives to serve “retail customers”, then suddenly be precluded from dealing with such a customer, even if it was previously its accredited investor customer?</li> <li>4. From the proposed implementation, it seems to be the case that the main requirements for FIs to have reps serving non-retail customers pertain to the need for them to meet the fit and proper criteria and having relevant controls to ensure their proper conduct. While it is explicit in the Consultation Paper that Notified Reps need to comply with entry and ongoing requirements, it is unclear/ not explicitly stated as to whether minimum entry requirements such</li> </ol>

		<p>as age, academic qualifications, etc. still apply to persons who are not Notified Reps. In any case, there should be explicit mention on some form of minimum criteria for persons who are not Notified Reps or by default, to err on the side of caution, all representatives whether they are Notified Reps are not would all be subjected to similar requirements.</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>Considering that Expert investors are generally persons who are professionally active in the financial markets, they are deemed to possess a higher level of financial expertise and sophistication that enables them to make their own investment decisions and risk assessments. We are of the view that Expert Investors should be considered as non-retail customers.</p>
30.	Respondent D	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>NIL</p> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>We refer to the Consultation Paper II on Draft Regulations Pursuant to the Securities and Futures Act dated May 2017 – Section 4.11, where the Bank recognized there are regulatory efforts/development to align the exemptions available to CMS licensees or EFIs when they deal with accredited and/or institutional investors as compare with expert investors. We note that expert investors include persons who may not qualify for accredited investor or institutional investor status but are nonetheless sophisticated or capable of protecting their own interests.</p> <p>In addition, we refer to the Response to Feedback Received on Proposals to Enhance Regulatory Safeguards for investors in the capital market dated September 2015 - Section 8.4, where MAS agreed to retain the expert Investor as it recognised based on industry feedbacks that it is necessary to retain the expert Investor class as it covers persons who do not qualify for accredited or institutional status but are nonetheless capable of protecting own interests.</p> <p>We request the MAS to view expert Investors as non-retail customers. If the MAS agree with this we would like the MAS to include ‘Expert Investors’ into the same eventual regulatory treatment as ‘Accredited Investors’ and ‘Institutional Investors’.</p>

31.	Respondent E	<p><b>General comments:</b> NIL</p> <p><b>Question 1: MAS seeks comments on the proposal to not require FIs to lodge notifications for representatives who serve only non-retail customers.</b></p> <p>As it appears that the regulatory trend seems to move towards exempting various requirements for financial institutions that serve only institutional/ accredited investors, for the avoidance of doubts, we would like to clarify with MAS whether the following would be considered as serving non-retail customers:-</p> <ul style="list-style-type: none"> <li>• Whether sub-delegation of investment management/ advisory services for a retail fund to an asset manager in Singapore (ie., sub-manager) is considered as serving retail clients for fund management activities? Are we required to adopt the look-through approach in this case in determining the kind of customers the sub-manager serve even though the contractual relationship is with the lead investment manager who is a non-retail customer? Or can we consider that the sub-manager is serving non-retail customers for fund management purposes as the lead manager of the retail fund, whom is the contractual party to an investment management agreement, is a non-retail customer?</li> <li>• Does it make a difference if the sub-delegation from the lead manager to the sub-manager is for the management of a retail fund that is domiciled and registered for sale to retail clients in other jurisdictions, and not in Singapore?</li> </ul> <p><b>Question 2: MAS seeks comments on whether to consider Expert Investors as retail or non-retail customers for the purposes of the proposed changes to the RNF framework.</b></p> <p>We are of the view that Expert Investors should be classified as non-retail customers. These are usually class of investors who are sophisticated but unfortunately do not meet the minimum net asset requirements to be classified as accredited investors.</p>
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