

**RESPONSE TO
FEEDBACK RECEIVED**

January 2021

**Changes to the
Notification
Requirements in relation
to Representatives
serving only Non-Retail
Customers**

MAS

Monetary Authority of Singapore

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1 Preface

1.1 On 25 September 2017, the Monetary Authority of Singapore (MAS) issued a consultation paper to seek feedback on:

- i. The proposal to exempt financial institutions (FIs) from the requirement to lodge notifications for representatives who serve only non-retail customers; and
- ii. Whether to consider Expert Investors (EIs) as retail or non-retail customers for the purposes of the proposed changes to the notification requirements.

1.2 Recognising that non-retail customers are generally better able to protect their own interests, the intent of the proposal was to alleviate the administrative burden of FIs by reducing the number of notifications they have to lodge.

1.3 The consultation closed on 27 October 2017. MAS would like to thank all respondents for their feedback and comments.

1.4 This paper sets out MAS' responses to the key comments and feedback received. The list of respondents is in Annex A, and the full submissions with the names of respondents can be found in Annex B. Comments that are of wider interest, together with MAS' responses are set out in this paper.

2 Proposal to exempt FIs from the requirement to lodge notifications for representatives who serve only non-retail customers

2.1 Feedback on the proposal was mixed. Respondents who supported the proposal agreed that non-retail customers are generally better able to protect their own interests, and that the proposal would reduce the administrative burden of FIs.

2.2 Respondents who were against the proposal noted several downsides to the proposal, including the following:

- i. Non-retail customers would not be able to check on the status of their representatives: The Register acts as a safeguard to customers' interests. Customers may take comfort from the fact that the representative they are dealing with appears on MAS' Register. Without a notification system for representatives dealing with only non-retail customers, such representatives will not appear on the Register and it will be more difficult for non-retail customers to perform basic due diligence checks on them.

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- ii. FIs may not be able to conduct reference checks: Removing such representatives from the Register would also hinder FIs' due diligence checks on their prospective representatives.
 - iii. Foregoing minimum standards of competency: As representatives serving only non-retail customers would no longer be subject to the Capital Markets and Financial Advisory Services (CMFAS) examination requirements, this may exacerbate inconsistencies in competency standards of representatives across the industry.

MAS' Response

2.3 As respondents raised valid reasons for retaining the notification requirements for representatives serving only non-retail customers, MAS further engaged respondents who had supported the proposal, to ascertain whether they would have any concerns if MAS retained the notification requirements for representatives serving only non-retail customers.

2.4 These respondents were of the view that improvements¹ made to the notification process since the 2017 consultation paper had already addressed the issue of administrative burden faced by FIs, and therefore did not have strong objections to retaining the notification requirements for representatives serving only non-retail customers. In view of this feedback, and given that there continues to be compelling benefits to consumers and FIs in retaining the notification requirements, MAS will not proceed with our original proposal. As such, the notification requirements for representatives who serve only non-retail customers will be retained.

3 Whether to consider FIs as retail or non-retail customers for the purposes of the proposed changes to the notification requirements

¹In 2017, at the time of the consultation, FIs had to report information on the representative's business interests and shareholdings, residential address and home telephone number, and spouse's information when they submit the applicable forms [Form 3A, 3B, 3C (SFA)/ 3A, 3B (FAA)] to notify MAS of their representative appointments. FIs were also required to track and report any subsequent changes to such information in the Changes in Particulars form for representatives [Form 16 (SFA)/ 18 (FAA)]. In October 2018, MAS revised the forms so that FIs are no longer required to report such information to MAS. In October 2019, a bulk filing function was also introduced to facilitate FIs' submission of multiple representative notifications concurrently.

3.1 The majority of respondents were of the view that EIs should be treated as non-retail customers under the proposed changes to the notification requirements, given their level of knowledge and expertise.

MAS' Response

3.2 As MAS is no longer proceeding with removing the notification requirements for representatives who serve only non-retail customers, there will be no need to consider whether EIs should be classified as retail or non-retail customers for the purpose of notification requirements.

MONETARY AUTHORITY OF SINGAPORE

5 January 2021

Annex A

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

1. Aon Singapore Pte Ltd
2. Allianz Global Investors Singapore Limited
3. Association of Independent Asset Managers Singapore
4. BNP Paribas Securities Services Singapore Branch
5. BNP Paribas Singapore Branch
6. BNY Mellon Investment Management Singapore Pte. Limited
7. Citibank, N.A., Singapore Branch
8. Deutsche Bank Group Singapore
9. Eastspring Investments (Singapore) Limited
10. Fidelity International
11. Great Eastern Life Assurance Co. Ltd.
12. Investment Management Association of Singapore
13. LIA: China Life
14. LIA: GE Life
15. LIA: Manulife
16. LIA: NTUC Income
17. LIA: Prudential
18. LIA: Swiss Life
19. Lymon Pte Ltd
20. Mizuho Bank, Ltd, Singapore Branch

21. Moody's Investors Service Singapore Pte Ltd
22. NGA Benefits Singapore Pte Ltd
23. Nomura Asset Management, who requested for confidentiality of submission
24. RHT Compliance Solutions Pte Ltd.
25. Schroder Investment Management (Singapore) Ltd
26. Securities Association of Singapore
27. St. James's Place (Singapore) Private Limited
28. Sumitomo Mitsui Banking Corporation Singapore Branch
29. Swiss-Asia Financial Services Pte Ltd
30. The Bank of Tokyo-Mitsubishi UFJ, Ltd
31. UniCredit Bank AG
32. United Overseas Bank Limited
33. Respondent A who requested for confidentiality of identity
34. Respondent B who requested for confidentiality of identity
35. Respondent C who requested for confidentiality of identity
36. Respondent D who requested for confidentiality of identity
37. Respondent E who requested for confidentiality of identity

7 respondents requested for full confidentiality of identity and submission.

Please refer to Annex B for the submissions.

