

RESPONSE TO FEEDBACK RECEIVED

December 2016

Public Consultation on Market Conduct Rules for Marketing and Distribution Arrangements of Financial Institutions at Retailers and Public Places

MAS

Monetary Authority of Singapore

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1 Preface

1.1 On 23 July 2015, the Monetary Authority of Singapore (“MAS”) issued a consultation paper to seek feedback on a set of Guidelines for financial institutions (“FIs”) conducting marketing and distribution arrangements at retailers and public places, and the requirement for these FIs to submit details of these arrangements to MAS periodically. The proposed market conduct rules are aimed at addressing the problems that may arise if such marketing and distribution activities are not properly managed.

1.2 Specifically, the *Guidelines on Standards of Conduct for Marketing and Distribution Activities* (“the Guidelines”), which are issued together with this response, set out MAS’ expectation that the board and senior management of FIs are accountable and responsible for ensuring that there are proper controls in place for their FIs’ marketing and distribution arrangements at retailers and public places. The Guidelines also set out safeguards that FIs should put in place to address the potential market conduct risks arising from such marketing and distribution arrangements. The Guidelines will take effect on 1 April 2017.

1.3 The consultation closed on 24 August 2015. MAS would like to thank all respondents for their comments and feedback.

1.4 MAS has considered carefully the feedback received, and has incorporated them into the Guidelines where appropriate. The list of respondents is in Annex B and the full submissions with the names of respondents can be found in Annex C. Comments that are of wider interest, together with MAS’ responses, are set out in this paper.

2 Applicability of the Guidelines and Notification Requirements

2.1 MAS had proposed to apply the Guidelines and notification requirements to banks, non-bank credit card and charge card licensees, holders of a capital markets services licence, licensed financial advisers and insurance companies and their intermediaries¹. These FIs have a larger retail customer base and often conduct outreach activities to market their banking products and services (including credit cards, charge cards and unsecured facilities), capital markets products and services, as well as life insurance and general insurance products (including accident and health insurance). The proposed rules were also intended to apply to all marketing and distribution arrangements accessible to members of the public. As such, we had proposed not to subject “closed-door” events such as workplace seminars to the rules given that the market conduct risks associated with such events may be lower as participants would have consciously signed up for and be aware of the purpose of these events.

Types of marketing and distribution activities

2.2 Most industry respondents felt that “closed-door” events, such as workplace seminars and investment seminars requiring registration, should be excluded from the proposed rules as the target audience is restricted. However, there were also respondents who were of the view that such events similarly pose market conduct risks, such as unfair sales and pressure selling tactics, and should be included in the proposed rules. These respondents highlighted that while event participants may be aware of the purpose of the “closed-door” event, they may nonetheless be faced with FIs marketing ancillary or unrelated financial products and services which may not be disclosed to the participants prior to the event.

MAS’ Response

2.3 MAS recognises that market conduct risks such as harassment of customers and pressure selling by FIs, may still be relevant to “closed-door” events, especially if ancillary or unrelated financial products and services are marketed at such events. In addition, FIs may engage in other types of marketing and distribution activities, such as street canvassing in public places, prospecting customers by conducting surveys with members

¹ Insurance intermediaries refer to licensed and exempt financial advisers (including banks and insurers) and their representatives, insurance agents or direct and exempt direct insurance brokers who advise on or arrange contracts of insurance.

of the public and door-to-door prospecting. Market conduct risks may be present for such marketing and distribution activities as well, given that they target members of the public. MAS has also received feedback on inappropriate behaviour and sales tactics by some representatives when they conduct such marketing and distribution activities.

2.4 The safeguards proposed in the Guidelines are good practices that FIs should adopt to mitigate the market conduct issues which may arise from their marketing and distribution activities. As such, while the Guidelines are aimed at addressing the market conduct risks arising from marketing and distribution arrangements² at retailers and public places, MAS expects FIs to apply the Guidelines to all other activities conducted to market their financial products and services, including “closed-door” events, street canvassing, conduct of surveys and door-to-door prospecting, where relevant. This serves to better protect the interests of members of the public and ensure that FIs conduct their marketing and distribution activities in a responsible and professional manner.

2.5 The notification requirements will apply only to marketing and distribution arrangements conducted by FIs at retailers and public places. MAS will continue to monitor the market conduct issues arising from other types of marketing and distribution activities mentioned in paragraphs 2.3 and 2.4 and tailor our supervisory approach accordingly.

Types of FIs

2.6 A few respondents suggested that the proposals be applied to other types of FIs, such as finance companies, merchant banks, registered fund management companies (“RFMCs”) and insurance brokers. Another respondent suggested that the proposed market conduct rules be applied to all FIs so long as they conduct marketing and distribution activities at retailers and public places.

² An arrangement refers to a unique contract or agreement, which an FI has entered into with a third party for the FI to station its representatives at specified location(s) to conduct marketing and distribution activities. Examples of an arrangement at a public place and an arrangement with a retailer are illustrated below respectively:

- A space lease or rental agreement with a shopping mall to set up a promotion and sales booth at its atrium to market and distribute financial products and services; and
- A contract with a retailer group such as a supermarket chain, to market and distribute financial products and services at its various stores (i.e. locations).

MAS' Response

2.7 The proposals are aimed at addressing market conduct risks arising from marketing and distribution activities that target members of the public. Therefore, the proposed Guidelines and notification requirements will apply to all FIs and their representatives who conduct marketing and distribution activities targeting retail customers. FIs that deal solely with accredited investors and institutional investors will not be subject to the proposed rules.

2.8 As such, to the extent that merchant banks and finance companies conduct marketing and distribution activities at retailers and public places that target retail customers, they would be subject to the proposed Guidelines and notification requirements. The same approach extends to insurance brokers which were already included in the scope of FIs that the proposals will apply to, given that they may act as intermediaries for insurance companies to distribute insurance products to retail customers. The proposed rules will not apply to RFMCs as they are permitted to deal only with accredited and/or institutional investors.

Types of financial products and services

2.9 A few respondents requested that transactional banking products, such as credit cards and unsecured loans, be excluded from the proposals as they have no investment element and can be easily terminated with minimal penalties. These respondents also highlighted that there are existing safeguards in place for the sale of such banking products, including credit policies and non-acceptance of application forms for unsecured credit products and cards at temporary locations. In addition, a few respondents requested that general insurance products which do not have an investment element and/or are renewable annually be excluded as they are purchased on a consumption basis and pose lower market conduct risks.

MAS' Response

2.10 The market conduct risks identified in the consultation paper, such as harassment of customers and pressure selling, exist for marketing and distribution activities conducted to sell transactional banking products (such as credit cards and unsecured loans) and general insurance products which do not have an investment element and/or are renewable annually. The safeguards proposed in the Guidelines are good practices and seek to mitigate the risks identified. As such, the proposed Guidelines and notification requirements are relevant and will apply to such products.

Partnerships between FIs

2.11 Several respondents requested clarification on the applicability of the Guidelines and notification requirements in cases where there are partnerships between FIs to conduct marketing and distribution activities. Several fund management companies also sought clarity on whether they are required to comply with the Guidelines and notification requirements when their representatives are invited to speak at their distributors' events.

MAS' Response

2.12 Where an FI has representatives³ conducting marketing and distribution activities, regardless of whether the marketing event is a partnership between FIs, the FI will be required to comply with the Guidelines and notification requirements accordingly. Similarly, where the FI partners with another person or organisation which is not licensed by MAS, such as a retailer, to market the products and services of the FI, the FI will be subjected to the Guidelines and notification requirements. Further, we expect FIs to monitor and ensure that the persons or organisations they engage or partner with comply with the Guidelines when they market products and services on behalf of the FIs.

2.13 For fund management companies whose representatives are invited to speak and provide general information about their funds at a distributor's marketing and distribution event, the notification requirements will apply to the distributor. Fund management companies should nonetheless ensure that their representatives adhere to the safeguards set out in the Guidelines, where applicable.

³ Representatives refer to employees and agents of FIs including, but not limited to, representatives appointed to conduct regulated activities under the Securities and Futures Act and/or provide financial advisory services under the Financial Advisers Act.

3 Guidelines on Standards of Conduct for Marketing and Distribution Activities

3.1 The proposed Guidelines serve to mitigate the market conduct risks that may arise from FIs' marketing and distribution activities and ensure consistency and alignment of market conduct standards across the financial sector. Many respondents requested MAS to provide specific guidance on how to implement the safeguards set out in the proposed Guidelines. There were also respondents who sought clarification on the definition of certain terms used, for instance, what constitutes "professional manner" in Safeguard 5 and "immediate vicinity" in Safeguard 6.

3.2 We will provide clarifications and discuss the key revisions made to the safeguards in the following sections. MAS has considered the feedback received and issued the Guidelines, together with this response, which will take effect on 1 April 2017. For the full list of revised safeguards, please refer to Annex A. In general, the Guidelines are intended to be principle-based. MAS will set out the objectives and intended outcomes of each safeguard in the Guidelines. We will also provide examples of good practices to illustrate the objectives of each safeguard. We do not intend to prescribe specific requirements or define the specific terms used. Each FI should consider how best to apply and achieve the objectives of the Guidelines in accordance with its business model and operations.

Safeguard 1

Safeguard 1: FIs should conduct call-backs to all customers prospected at retailers and public places before or within the free-look or cooling-off period, to ensure that customers have understood their transactions closed at such locations. FIs are expected to implement this safeguard for the sale of life, general and accident and health insurance products, and collective investment schemes.

3.3 Marketing and distribution activities increase the reach of FIs to members of the public. If such activities are not properly managed, market conduct risks to consumers may increase. To mitigate these risks, FIs should maintain adequate oversight of their marketing and distribution activities and ensure that their representatives engage in proper marketing, sales and advisory practices. In this regard, Safeguard 1 requires call-backs to be conducted by FIs for sales closed at retailers and public places to ensure that customers are aware of the risks and features of the product which they have bought, and to detect potential cases of mis-selling, misrepresentation and/or pressure selling.

3.4 A few respondents disagreed with conducting call-backs. One respondent was of the view that customers would have been informed of the product they have purchased upon receiving the relevant documents. Another respondent cautioned that customers usually forget what was actually explained to them during the sale and representatives may end up being wrongly penalised due to erroneous information provided by customers during the call-back.

MAS' Response

3.5 Notwithstanding that customers would be aware of their purchase upon receipt of the relevant documents, call-backs serve to ensure that customers understand the risks and features of the product. Should they have misgivings about the product, they are able to cancel the transaction within the free-look or cooling-off period.

3.6 In addition, FIs should have in place a robust process to investigate potential misconduct committed by their representatives, and consider evidence other than call-back results in determining whether their representatives have committed any wrongdoing.

Applicability of Safeguard 1

3.7 A few respondents suggested excluding certain general insurance products, such as motor and travel insurance, and transactional banking products, such as credit cards and mortgages, from Safeguard 1 as these products do not contain any investment element.

3.8 One respondent requested an exemption from Safeguard 1 for simple life policies sold as an ancillary product to loans with a simple payment basis for the insurance cover. These include policies that cover personal loans, car loans and credit card balances. Such policies are currently exempted from the Notice on Recommendations on Investment Products issued under the Financial Advisers Act ("FAA-N16").

MAS' Response

3.9 Banking products are excluded from complying with Safeguard 1. FIs would only need to conduct call-backs for sales of investment and insurance products that have a free-look or cooling-off period. Currently, only life policies, accident and health policies and collective investment schemes are required to have a free-look or cooling-off period. Such products require longer and greater financial commitment and therefore pose higher risks to customers should they purchase an unsuitable product.

3.10 Consistent with their treatment under the Financial Advisers Act (“FAA”), FIs are not required to comply with Safeguard 1 for sales of simple life policies sold as an ancillary product to loans given that such products pose limited market conduct risks.

Operationalising the call-backs

3.11 Several respondents sought clarity on the scope of call-backs to be conducted and how they should be operationalised. A few respondents suggested that call-backs be done on a sampling basis. Some respondents were of the view that call-backs should be conducted only for customers who bought financial products and services at roadshows. There was also a suggestion to restrict call-backs to cases where complaints were received.

3.12 Several respondents suggested that the implementation of Safeguard 1 be aligned with certain aspects of the client call-back and client survey mechanism for the Balanced Scorecard remuneration framework for representatives and supervisors (“BSC framework”) under the FAA. These include treating the client survey as closed after three unsuccessful call attempts, and conducting call-backs for selected clients⁴ only.

MAS’ Response

3.13 Given that marketing and distribution activities of FIs at retailers and public places increase the reach of FIs to members of the public, it is important that the potential market conduct risks posed by such activities be detected and addressed early. Furthermore, customers are more prone to make impulse purchases when they commit to a sale the same day they were prospected through the FIs’ marketing and distribution activities. As such, the call-backs should not be limited to selected clients or a sample of clients only and should be done for all sales closed at retailers and public places. This will help to ensure that customers are aware of the risks and features of the products they

⁴ A “selected client” as defined in the Guidelines on the Remuneration Framework for Representatives and Supervisors, Reference Checks and Pre-Transaction Checks, means any client of a financial adviser who meets any two of the following criteria –

- (a) is 62 years of age or older;
- (b) is not proficient in spoken or written English;
- (c) has below GCE ‘O’ level or ‘N’ level certifications, or equivalent academic qualifications, other than a client who meets any two of the criteria and has been assessed by the financial adviser (such assessment to be documented in writing) to possess adequate investment experience and knowledge to transact in the investment product recommended.

have purchased and to detect improper sales practices early. The call-backs may be conducted by a supervisor of the representative who closed the sale, a staff who does not make recommendations or effect transactions for customers, or a third-party service provider engaged by the FI.

3.14 FIs may choose to survey customers via other means including written or electronic form, such as text messages, electronic mails or letters, if these avenues are assessed to be more effective in achieving the objectives of Safeguard 1, taking into account each FI's business model and customer base. FIs may rely on their existing call-back or client survey mechanism, including aspects of the BSC framework call-back or client survey mechanism to implement Safeguard 1. For this safeguard to be effective, sales closed at retailers and public places need to be recorded properly. As such, FIs should have controls in place to track and monitor where the sale of financial products or services have taken place.

3.15 Taking into account our clarifications on Safeguard 1 in paragraphs 3.7 to 3.14, Safeguard 1 will be revised as follows:

- *“FIs should conduct call-backs or surveys for all customers prospected at retailers and public places before or within the free-look or cooling-off period, to ensure that customers have understood their purchases closed at such locations. FIs are expected to implement this safeguard for the sale of life insurance policies⁵, accident and health policies, and collective investment schemes.”*

Safeguard 2

Safeguard 2: FIs should conduct regular mystery shopping and site visits to monitor and ensure that the marketing, sales and advisory practices of representatives at retailers and public places are conducted in line with their internal standards and procedures as well as the Guidelines. FIs are not required to implement this safeguard for the sale of general insurance products where the insurance purchased is related to the product or service that the customer is buying.

⁵ FIs are not expected to implement Safeguard 1 for any sale made with respect to simple life policies sold as an ancillary product to loans with a simple payment basis for the insurance cover. These include policies that cover personal loans, car loans and credit card balances, but exclude mortgage reducing term assurance plans.

3.16 Safeguard 2 requires FIs to institute regular checks on their representatives' marketing, sales and advisory practices through mystery shopping and site visits. This is to ensure that customers are treated fairly and are recommended suitable financial products when they are prospected at retailers and public places.

Applicability of Safeguard 2

3.17 One respondent requested that Safeguard 2 not be applied to banking products and services marketed and distributed at related events, such as car loans at motor shows and housing loans at property show flats, similar to that for the sale of general insurance products.

MAS' Response

3.18 In view that the purchase of such banking products and services are likely to be tied to the products and services sold at related events, the risks of an unsuitable purchase and other market conduct risks are generally lower. As such, we agree that FIs do not need to implement Safeguard 2 for banking products and services marketed and distributed at related events. The revised Safeguard 2 is as follows:

- *“FIs should conduct regular mystery shopping and site visits to monitor and ensure that the marketing, sales and advisory practices of representatives at retailers and public places are conducted in line with internal standards and procedures as well as the Guidelines on Standards of Conduct for Marketing and Distribution Activities. FIs are not required to implement this safeguard for the sale of banking and general insurance products and services, where the banking or general insurance product or service purchased is related to the product or service that the customer has bought.”*

Scope and frequency of mystery shopping and site visits

3.19 Several respondents sought clarifications on the scope and frequency of the mystery shopping and site visits. Some respondents suggested that FIs should be allowed to conduct either mystery shopping or site visits on FIs' marketing and distribution arrangements. A few respondents asked whether participating in industry-led mystery shopping exercises would suffice.

MAS' Response

3.20 FIs should plan for both mystery shopping exercises and site visits to be conducted as they complement each other in an FI's oversight of its marketing and

distribution arrangements. This is because mystery shopping exercises entail more rigorous and thorough checks on the sales and advisory practices of representatives given the element of surprise and how the mystery shopper would be required to go through and assess the entire sales and advisory process. On the other hand, site visits would ensure that marketing and distribution activities are being conducted professionally in an ongoing manner as they can be done more frequently than mystery shopping. Notwithstanding this, FIs may choose to conduct mystery shopping in place of site visits as long as there are regular and adequate mystery shopping checks on such activities.

3.21 FIs should ensure that the mystery shopping and site visits conducted are effective and provide sufficient coverage of their marketing and distribution arrangements. The scope and frequency of mystery shopping, regardless of whether the FI participates in industry-led mystery shopping or conducts its own mystery shopping, and site visits should therefore be commensurate with the scale of the FIs' marketing and distribution activities. We expect the mystery shopping exercises and site visits to be conducted on a regular basis throughout the year and cover at least half of all marketing and distribution arrangements conducted by the FI in that year.

Safeguard 3

<p><i>Safeguard 3:</i> FIs should separately track and monitor complaints arising from their marketing, sales and advisory activities at retailers and public places. Complaints statistics should also be reported to senior management on a regular basis.</p>

3.22 The monitoring of complaints allows FIs to identify market conduct issues arising from such activities early and implement timely measures to address these issues.

3.23 A few respondents were of the view that it is neither practical nor necessary to separately track and monitor complaints arising from marketing, sales and advisory activities at retailers and public places. One respondent asked if only complaints relating to market conduct as defined in the consultation paper⁶ need to be tracked.

⁶ Section 3.6 of the consultation paper defined market conduct complaint as one that refers to any complaint alleging facts which may constitute a contravention of any business conduct requirement or any unfair practice in relation to a consumer transaction for MAS-regulated financial products or MAS-regulated financial services. Examples of market conduct complaints include allegations of fraud, forgery, inappropriate advice, misrepresentation and aggressive sales tactics.

MAS' Response

3.24 Currently, FIs are expected to keep track of all complaints received. Given that FIs' marketing and distribution activities increase the reach of FIs to members of the public, we are concerned that this could potentially lead to increased market conduct risks and complaints from the public, especially if such activities are not properly managed. As such, to effectively identify and address market conduct issues arising specifically from representatives' marketing, sales and advisory activities at retailers and public places so that timely measures can be taken, FIs should enhance their existing complaints monitoring mechanism to separately track complaints arising from such activities.

3.25 In order for FIs to have a holistic view of issues arising from their marketing and distribution activities, all complaints, including those relating to the FIs' market conduct, service standards and commercial practices stemming from such activities, should be tracked and monitored. For the purposes of the proposed quarterly notifications to MAS on the details of FIs' marketing and distribution arrangements, we will only require the reporting of market conduct complaints.

Safeguard 4

Safeguard 4: FIs should maintain a register containing information on their marketing and distribution arrangements at retailers and public places.

3.26 In order for FIs to exercise adequate and effective oversight of their representatives' marketing, sales and advisory activities at retailers and public places, FIs should maintain proper records of their marketing and distribution activities. This also allows FIs to more easily identify the source, nature and cause of any market conduct issues.

3.27 Several respondents sought clarity on the information that should be included in the register.

3.28 As the register is meant to help FIs in their oversight of their representatives' marketing, sales and advisory activities at the various events, it should minimally record details such as the location of the marketing and distribution activities, period and duration of the event, identities of representatives and supervisors involved, and financial products and/or services marketed or distributed. FIs should consider maintaining records of other relevant information or more granular details if these are necessary for better oversight of such activities.

Safeguards 5, 6, 7, 14 and 15

Safeguard 5: FIs and their representatives should conduct and present themselves in a professional manner at all times when prospecting for and dealing with customers at retailers and public places.

Safeguard 6: FIs and their representatives should only prospect for customers in the immediate vicinity of the FI's sales booth. They must not cause annoyance by being unreasonably persistent or by placing undue pressure on members of the public to purchase any financial products or services.

Safeguard 7: FIs should ensure that their representatives clearly disclose upfront their identities and the FI that they are representing when they prospect for customers. Where representatives of an FI market third-party products, they should disclose and explain to customers the relationship between their FI and the third-party product provider.

Safeguard 14: FIs should clearly disclose to customers the relationship between the FI and the retailer, and each party's roles and responsibilities.

Safeguard 15: FIs should ensure that their co-branding efforts with the retailer (if any) are not misleading or create any confusion among customers as to the roles and responsibilities of the FI and the retailer.

3.29 Safeguards 5, 6, 7, 14 and 15 set out the standards of conduct expected of FIs and representatives when prospecting for customers at retailers and public places. Safeguards 5 and 6 emphasise that FIs and representatives should conduct themselves in a manner that does not tarnish the professional image of the financial industry and not cause annoyance to members of the public when carrying out marketing, sales and advisory activities. In addition, Safeguards 7, 14 and 15 ensure that there are clear disclosures to customers and that any co-branding arrangements between FIs and retailers are not misleading, so that customers are aware which FI they are dealing with and the type of financial product they are purchasing.

3.30 With respect to Safeguards 5 and 6, many respondents sought clarity on MAS' expectations in terms of what constitutes "professional manner" and "immediate vicinity".

3.31 A few respondents also suggested specific measures for Safeguard 7 to ensure upfront and clear disclosure of representatives' identities, including requiring representatives to furnish physical identification documents such as name cards before prospecting a customer, and requiring marketing materials used to bear the FIs' company

logos and names. One respondent was of the view that it is not necessary to implement Safeguard 14 as Safeguard 7 already requires adequate disclosures to customers so that they know they are dealing with a representative of an FI, instead of a retailer's staff, when they are prospected at the premises of the retailer. Some respondents also sought clarity on the intent of Safeguard 15 and how to implement it.

MAS' Response

3.32 Most FIs already have in place their own internal guidelines and codes of conduct that their representatives must adhere to when dealing with customers. These include requirements and monitoring mechanisms to ensure that their representatives conduct and present themselves in a professional manner including not being overly aggressive and not causing annoyance when prospecting for and dealing with customers at retailers and public places.

3.33 Another key objective of the safeguards is to ensure that members of the public are clear as to who they are dealing with when they are prospected at retailers or public places. This is to avoid any confusion as customers may have only intended to make a purchase at the retailer, only to be approached to buy a financial product from a representative of an FI instead. This distinction can be better achieved when representatives prospect in the immediate vicinity of the FI's space allocated for their marketing and distribution activities and when representatives clearly disclose their identities and the FIs they represent. FIs should set clear guidance and emphasise to their representatives what should be disclosed upfront and how the disclosure should be done. The measures suggested by the respondents in paragraph 3.31 are some good practices that FIs can adopt.

3.34 For clarity and to better address the objectives above, Safeguards 5, 6, 7, 14 and 15 will be revised and streamlined into the following two Safeguards:

- *“FIs and their representatives should conduct themselves in a professional manner at all times when prospecting for and dealing with customers at retailers and public places. They must not cause annoyance by being unreasonably persistent or by placing undue pressure on members of the public to purchase any financial product or service.”*
- *“FIs should ensure that their representatives clearly disclose upfront their identities and the FI they represent when they prospect for customers. Where FIs market third-party products or services, they should ensure that their representatives disclose and explain to customers the relationship between the FI and the third-*

party product provider. Where there are tie-ups with retailers, FIs should ensure that their representatives clearly disclose to customers the tie-up between the FI and the retailer, and explain each party's roles and responsibilities."

Safeguard 8

Safeguard 8: FIs should ensure that their representatives undergo training on proper sales and advisory conduct for their marketing and distribution activities at retailers and public places.

3.35 Representatives should be equipped with the knowledge and skills to conduct themselves appropriately and provide quality advice when conducting marketing and distribution activities.

3.36 One respondent was of the view that separate training specific to sales and advisory conduct at retailers and public places, in addition to existing training programmes by FIs, is not necessary. Another respondent asked whether there will be industry-led training sessions.

MAS' Response

3.37 In view that prospecting activities at retailers and public places can pose additional market conduct risks due to FIs' increased reach to members of the public, FIs' training programmes should set out clearly the conduct and professional standards expected of representatives when they conduct such activities. While MAS is not prescribing the form and format of the training programmes, FIs should take into account the specific market conduct risks that they may face and the scale of their marketing and distribution activities in the design of their training programmes for representatives. Industry associations are also encouraged to conduct training for their members for greater consistency in the industry's sales and advisory standards.

Safeguard 9

Safeguard 9: FIs should ensure that their representatives who conduct marketing and distribution activities at retailers and public places have a good compliance record.

3.38 Given that marketing and distribution activities conducted at retailers and public places could potentially result in increased market conduct risks to customers, it is important that the representatives participating in such activities act in the best interests of customers.

3.39 Many respondents sought clarity on what “good compliance record” means and how the compliance record of representatives should be determined. For financial advisory representatives, a few respondents suggested using the representatives’ grading under the BSC framework to determine whether a representative is suitable to participate in marketing and distribution activities.

3.40 Several respondents also sought clarification on how the compliance record of representatives without prior experience or employment record with the FI, such as new hires or temporary and part-time staff, should be determined.

MAS’ Response

3.41 To meet the objective of this safeguard, FIs should assess their representatives’ compliance records holistically by considering a combination of factors including their BSC⁷ grades, complaints history, disciplinary action(s) taken and any other relevant information or adverse records gathered from their due diligence conducted on their representatives. Such due diligence should, to the best of the FI’s ability, be conducted for all persons participating in the FIs’ marketing and distribution activities, regardless of the nature and period of employment.

Safeguard 10

Safeguard 10: FIs should ensure that the remuneration and incentives paid to representatives for financial products and services sold at retailers and public places are not higher than the remuneration and incentives for financial products and services sold at other locations or channels.

3.42 FIs should ensure that the remuneration and incentives paid to their representatives conducting marketing and distribution activities at retailers and public places do not encourage them to engage in aggressive sales tactics.

3.43 A few respondents were of the view that FIs should have the discretion to determine how they wish to remunerate their representatives when they market and sell financial products and services at retailers and public places. Some respondents also highlighted the need to differentiate the remuneration and incentives paid to

⁷ BSC grades are only applicable for Financial Advisers, as defined in MAS Notice No. FAA-N20 Notice on Requirements for the Remuneration Framework for Representatives and Supervisors (“Balanced Scorecard Framework”) and Independent Sales Audit Unit.

representatives employed in various sales channels given the different sales models, working conditions and level of skillset required.

MAS' Response

3.44 FIs should ensure that the remuneration and incentive structure for representatives who recommend financial products and execute transactions at retailers and public places do not lead to aggressive sales tactics and other inappropriate conduct. For example, FIs should ensure that their representatives are not remunerated significantly higher for selling financial products or services at, for instance, a particular roadshow, as compared to what he will receive for the same products and services sold at other locations or channels. This Safeguard is not intended to prescribe how FIs should determine specific remuneration and incentives for their representatives. The Safeguard will be revised as follows for greater clarity:

- *“FIs should ensure that the remuneration and incentives paid to their representatives do not lead to aggressive sales tactics and other inappropriate conduct.”*

Safeguard 11

Safeguard 11: FIs should ensure that any gift offered to customers by FIs and/or the retailer does not influence the decisions of customers to purchase any financial products and services. FIs should also ensure that the details of gifts are not prominently displayed or actively promoted to influence customers' purchase decisions.

3.45 FIs should ensure that their representatives focus on providing quality advice and suitable recommendations to customers. Representatives should also focus on providing accurate and relevant product information that will allow customers to make an informed decision and not actively promote or draw customers' attention to the gifts offered.

3.46 Many respondents sought clarity on what constitutes gifts that would influence the decisions of customers and how the details of gifts can be displayed. A few respondents also suggested that MAS prescribe an acceptable limit for the value of gifts offered to customers.

MAS' Response

3.47 The intention of this safeguard is to ensure that FIs and their representatives do not use gifts to entice customers to buy a financial product on impulse, especially if they

do not need it, or to purchase a product that they cannot afford or which is not suitable for them. Currently, most FIs have their own policies and procedures for the offer of gifts and have established their own limits for the value of gifts offered to customers. MAS expects FIs to ensure that their policies and procedures take into account the objectives of Safeguard 11.

3.48 Some examples of good practices include (i) ensuring that the gifts offered are of nominal value relative to the amount invested by customers; (ii) monitoring the sales and advisory process of representatives to ensure that gifts are not the main focus of the transaction; and (iii) requiring all gifts distributed at sales conducted at retailers and public places to be approved by the FI. FIs should also ensure that their marketing collaterals and promotional materials contain accurate and relevant product information and do not present or offer incentives in a way that is likely to divert or mislead customers' focus from the proper consideration of the financial product or service.

3.49 For clarity, we will make the following revisions to Safeguard 11:

- *“FIs should ensure that any gift offered to customers does not unduly influence the decisions of customers to purchase any financial product or service. FIs should also ensure that the details of gifts are not displayed or promoted in such a manner as to inappropriately influence the purchase decisions of customers.”*

Safeguard 12

<p><i>Safeguard 12:</i> FIs should ensure that the venue for their marketing and distribution activities are conducive for representatives to conduct a proper sales and advisory session.</p>

3.50 The venue for marketing and distribution activities should facilitate a proper sales and advisory session, thereby giving customers a positive experience and enabling them to clearly understand the features, benefits and limitations of the financial products or services they are purchasing.

3.51 Some respondents sought clarity on what constitutes “adequate” and “conducive” in relation to the space allocated for marketing and distribution activities.

MAS' Response

3.52 FIs should ensure that the space and environment where their marketing and distribution arrangements are located are suitable for the type and scale of activities being conducted. For instance, FIs should ensure that there are adequate tables and chairs to

facilitate a comfortable and conducive discussion and the location should not be too congested or noisy which may be distracting to the sales and advisory session.

4 Notification Requirements

4.1 MAS had proposed to require FIs to notify MAS and submit information on their marketing and distribution arrangements at retailers and public places on a periodic basis. The information will be required to be reported via a standard reporting form provided by MAS to ensure consistency and clarity in the information submitted. The proposed notification requirement will allow MAS to monitor any large-scale proliferation of such arrangements and take timely pre-emptive supervisory measures should there be any market conduct risks posed to customers.

Operational feasibility of forecasted reporting

4.2 Many respondents expressed concerns about the operational feasibility of furnishing forecasted quarterly information on their plans to conduct marketing and distribution activities at retailers and public places, at least two months prior to the calendar quarter. The main reasons are that FIs' marketing plans are usually fluid and may not be confirmed so early in advance. Respondents also highlighted that marketing plans are frequently subjected to last minute changes such as changes in location and duration of the arrangements, as well as the number of representatives who will be stationed at the various events.

MAS' Response

4.3 We recognise the practical difficulties and costs involved for FIs in providing accurate forecasted information on marketing and distribution arrangements, especially for arrangements with short-term durations, up to five months in advance. Given that inaccurate information will not be meaningful for MAS' supervisory purposes, we will not be requiring prior reporting of marketing and distribution arrangements with duration shorter than one quarter.

4.4 However, as marketing and distribution arrangements with duration of one quarter or longer typically entail detailed planning in advance, FIs will still be required to furnish information on such new arrangements, and notify MAS of any changes to such arrangements, at least two months prior to the start of the calendar quarter in which such arrangements, or changes to such arrangements, commence.

Details of FIs' marketing and distribution arrangements to be submitted in quarterly reporting

4.5 Several respondents sought clarification on the definition of specific terms used, such as "arrangement", "days", "maximum number of representatives", "number of

locations” and “top five financial products and services sold” in relation to the information to be included in the proposed quarterly reporting of FIs’ marketing and distribution activities at retailers and public places.

MAS’ Response

4.6 We note the industry’s request for clarification on the information to be reported. MAS will work with the industry on the information to be submitted and provide further guidance as we finalise the notification requirements.

Details of market conduct complaints to be reported

4.7 A few respondents suggested that MAS streamline the various requirements for complaints reporting to MAS so as to avoid duplication in information reporting.

4.8 Some respondents sought clarification on (i) the definition of complaints; (ii) whether details of market conduct complaints should be submitted for those received in the entire calendar year or those received in the preceding quarter; and (iii) whether market conduct complaints, regardless of the channel they are received, which are resolved within the same day has to be reported.

MAS’ Response

4.9 We note that streamlining the complaints reporting requirements across the different Acts administered by MAS could ease the burden on FIs and improve the effectiveness of complaints monitoring and analysis. This is currently under review. While we consider the feasibility of harmonising the various complaints reporting requirements, FIs should, in the meantime, report market conduct complaints in relation to their marketing and distribution arrangements conducted in the quarterly submissions proposed in this consultation paper.

4.10 Market conduct complaints refer to any complaint alleging facts which may constitute a contravention of any business conduct requirement or any unfair practice in relation to a customer transaction for MAS-regulated financial products or MAS-regulated financial services. Examples of market conduct complaints include allegations of fraud, forgery, inappropriate advice, misrepresentation and aggressive sales tactics. All market conduct complaints received in the preceding calendar quarter in relation to the FI’s marketing and distribution activities conducted at retailers and public places, regardless of whether it has been resolved and the channel through which the complaint is received, should be reported.

Nil reporting requirement

4.11 One respondent queried whether FIs have to file a nil report every quarter if it does not have plans to conduct marketing and distribution arrangements at retailers and public places in the next quarter and has not conducted any such arrangements in the preceding quarter.

MAS' Response

4.12 We note that not all FIs conduct marketing and distribution arrangements at retailers and public places currently. Therefore, MAS will not be imposing a nil reporting requirement. As such, FIs will not have to file quarterly nil reports if they do not have plans to conduct marketing and distribution arrangements at retailers and public places in the next calendar quarter and have not conducted such arrangements in the preceding calendar quarter.

MONETARY AUTHORITY OF SINGAPORE

23 December 2016

Annex A

REVISED LIST OF MARKET CONDUCT CONTROLS AND SAFEGUARDS

- **Safeguard 1:** FIs should conduct call-backs or surveys for all customers prospected at retailers and public places before or within the free-look or cooling-off period, to ensure that customers have understood their transactions closed at such locations. FIs are expected to implement this safeguard for the sale of life insurance policies, accident and health policies, and collective investment schemes.
- **Safeguard 2:** FIs should conduct regular mystery shopping and site visits to monitor and ensure that the marketing, sales and advisory practices of representatives at retailers and public places are conducted in line with their internal standards and procedures as well as the Guidelines on Standards of Conduct for Marketing and Distribution Activities. FIs are not required to implement this safeguard for the sale of banking and general insurance products and services, where the banking or general insurance product or service purchased is related to the product or service that the customer has bought.
- **Safeguard 3:** FIs should separately track and monitor complaints arising from their marketing, sales and advisory activities at retailers and public places. Complaints statistics should also be reported to senior management on a regular basis.
- **Safeguard 4:** FIs should maintain a register containing information on their marketing and distribution arrangements at retailers and public places.
- **Safeguard 5:** FIs and their representatives should conduct themselves in a professional manner at all times when prospecting for and dealing with customers at retailers and public places. They must not cause annoyance by being unreasonably persistent or by placing undue pressure on members of the public to purchase any financial product or service.
- **Safeguard 6:** FIs should ensure that their representatives clearly disclose upfront their identities and the FI that they represent when they prospect for customers. Where FIs market third-party products or services, they should ensure that their representatives disclose and explain to customers the relationship between the FI and the third-party product provider. Where there are tie-ups with retailers, FIs should ensure that their representatives clearly disclose to customers the tie-up between the FI and the retailer, and explain each party's roles and responsibilities.

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- **Safeguard 7:** FIs should ensure that their representatives undergo training on proper sales and advisory conduct for their marketing and distribution activities at retailers and public places.
 - **Safeguard 8:** FIs should ensure that their representatives who conduct marketing and distribution activities at retailers and public places have a good compliance record.
 - **Safeguard 9:** FIs should ensure that the remuneration and incentives paid to their representatives do not lead to aggressive sales tactics and other inappropriate conduct.
 - **Safeguard 10:** FIs should ensure that any gift offered to customers does not unduly influence the decisions of customers to purchase any financial product or service. FIs should also ensure that the details of gifts are not displayed or promoted in such a manner as to inappropriately influence the purchase decisions of customers.
 - **Safeguard 11:** FIs should ensure that the venue for their marketing and distribution activities are adequate and conducive for representatives to conduct a proper sales and advisory session.
 - **Safeguard 12:** FIs should have adequate controls in place to ensure that payments collected from customers at retailers and public places are properly handled and securely kept.

Annex B

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON MARKET
CONDUCT RULES FOR MARKETING AND DISTRIBUTION ARRANGEMENTS
OF FINANCIAL INSTITUTIONS AT RETAILERS AND PUBLIC PLACES**

1. The Association of Banks in Singapore, on behalf of 9 member banks who requested confidentiality of identity
2. Credit Suisse AG, Singapore Branch
3. Malayan Banking Berhad, who requested confidentiality of comments
4. United Overseas Bank Limited
5. AIA Singapore Private Limited
6. AXA Life Insurance Singapore Pte Ltd
7. Friends Provident International Limited
8. The Great Eastern Life Assurance Company Limited and The Overseas Assurance Corporation Limited
9. Manulife (Singapore) Pte Ltd
10. NTUC Income Insurance Co-Operative Limited
11. Prudential Assurance Co. Singapore (Pte) Ltd
12. General Insurance Association of Singapore
13. Insurance and Financial Practitioners Association of Singapore Alliance
14. iFAST Financial Pte Ltd
15. Professional Investment Advisory Services Pte Ltd
16. Unicorn Financial Solutions Pte Limited
17. Phillip Securities Pte Ltd
18. Securities Association of Singapore, on behalf of:
 - a) CIMB Securities (Singapore) Pte Ltd
 - b) CMC Markets Singapore
 - c) DBS Vickers Securities (S) Pte Ltd
 - d) Gain Capital Singapore
 - e) IG Asia Pte Ltd
 - f) KGI Fraser Securities Pte Ltd

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- g) Lim & Tan Securities Pte Ltd
 - h) Maybank Kim Eng Securities Pte Ltd
 - i) OANDA Asia Pacific Pte Ltd
 - j) OCBC Securities Pte Ltd
 - k) RHB Securities Spore Pte Ltd
 - l) Saxo Capital Markets Pte Ltd
 - m) UOB Kay Hian Pte Ltd

- 19. Investment Management Association of Singapore
- 20. Allianz Global Investors Singapore Limited
- 21. Consumers Association of Singapore
- 22. CFA Society Singapore
- 23. KPMG Services Pte Ltd
- 24. Allen & Overy LLP
- 25. Chan & Goh LLP
- 26. Andrew Chua
- 27. Chua Kheng Seng
- 28. William Teo
- 29. Respondent A who requested confidentiality of identity and comments
- 30. Respondent B who requested confidentiality of identity and comments
- 31. Respondent C who requested confidentiality of identity and comments
- 32. Respondent D who requested confidentiality of identity and comments
- 33. Respondent E who requested confidentiality of identity and comments
- 34. Respondent F who requested confidentiality of identity and comments
- 35. Respondent G who requested confidentiality of identity and comments
- 36. Respondent H who requested confidentiality of identity and comments
- 37. Respondent I who requested confidentiality of identity and comments

Please refer to Annex C for the full submissions from respondents.

Annex C

**FULL SUBMISSIONS FROM RESPONDENTS TO THE
CONSULTATION PAPER ON MARKET CONDUCT RULES FOR
MARKETING AND DISTRIBUTION ARRANGEMENTS OF FINANCIAL
INSTITUTIONS AT RETAILERS AND PUBLIC PLACES**

S/N	Respondent	Full Responses from Respondent
1	The Association of Banks in Singapore, on behalf of 9 member banks who requested for confidentiality of identity	<p>Bank A</p> <p>Question 1</p> <p>(i) We would like to suggest the inclusion of the following outsourcing/partnership arrangement with FIs to be subjected to the same proposed supervisory approach:</p> <ul style="list-style-type: none"> • Outsourced agencies who are engaged by FIs to promote financial products at retailers and public places; • Telco/press/agencies who are engaged in partnerships with FIs to promote financial products at retailers and public places <p>(ii) No comment.</p> <p>(iii) Closed door events are usually pre-mediated, where the attendees will be duly informed about the agenda of the event. As such, we feel that it is not necessary to include such events in the proposed supervisory approach.</p> <p>Question 2</p> <p>(i) <u>Safeguard 2</u>: We would like to propose that mystery shopping be performed only on roadshow arrangements with duration of one quarter or longer. <u>Safeguard 5</u>: We would like to seek further clarity on the term "professional manner". <u>Safeguard 10</u>: We would like to maintain that the remuneration paid to sales representatives for financial products and services sold at retailers and public places may differ from the remuneration and incentives for financial products and services sold at other locations or channels. <u>Safeguard 11</u>: We would like to seek further clarity on the requirement of safeguard 11. Kindly elaborate if:</p> <ul style="list-style-type: none"> • FIs will be disallowed from the use of all promotional banners at retailers and public places. • FIs should not use promotion messages such as "Receive up to \$100 vouchers" or "Receive a Luggage Bag".

S/N	Respondent	Full Responses from Respondent
		<p>In line with the objective to provide clear and concise marketing messages to all customers, we would like to suggest that a clear picture or sample of the gift may be presented to avoid any further discontentment/dispute from customers who may have differing expectations.</p> <p><u>Safeguard 14</u>: We would like to seek further clarity on the requirement of safeguard 14:</p> <ul style="list-style-type: none"> • To provide a guideline on how the relationship and roles & responsibilities should be made known to consumers. • Please advise if this safeguard is only applicable to retailers who have a co-branding relationship with the FI. <p>(ii) No comment.</p> <p>(iii) No further suggestions.</p> <p>Question 3</p> <p>(i) We feel that the details requested under Table 3 & 4 in the consultation paper are extensive and would like to seek clarification on the objectives of the reports under Table 3 & 4:</p> <ul style="list-style-type: none"> • We would like to propose mystery shopping to be excluded for arrangements with duration shorter than a quarter. • The details reported will be on a best effort basis and may not be 100% accurate. Some vendors offer good locations for bookings only a month to 3 weeks before the actual event and the bank may change/add in locations at the very last minute. In such situation, can the final changes be reported after the events have been held? • As the requirement states retailers and public places, are arrangements at Branches included in the reporting? • With reference to the "maximum number of representatives" to be stationed at any location, is the count referring to the count by each location basis, or is it to be regarded collectively as a maximum count for all locations? • With reference to "marketing and distribution activities" in the table, do we need to specify the exact offer or just the activity? • With reference to Table 3.6, we would like to seek clarification on the definition of complaints. Does it include enquiries from customers or generic feedback? • We would like to seek further elaboration on the term "Top five financial products or services sold at all marketing and distribution arrangements at retailers and public places in the preceding quarter". • We would like to request MAS to provide a standard reporting template for all banks.

S/N	Respondent	Full Responses from Respondent
		<p>(ii) No comment.</p>
		<p>Bank B</p> <p>Question 1</p> <p>(i) More classes of FIs should be included if possible, especially if such FIs have activities that involve marketing and distribution at retailers and public places, e.g. securities, licensed money lenders etc.</p> <p>(ii) More classes of financial products should be included if possible so as to set a standard across the financial industry. However, we would like to exclude purposeful loans such as unsecured facilities under the exempted list of products stated in MAS Notice 635 and Property Loans.</p> <p>(iii) Yes. “Closed-door” events are by invitation and should not be deemed as or constituted as open solicitation of business from members of the public. In such events, invitations are usually sent to known or existing customers. There is an option for the invitees to decline to attend such events. We would like to clarify that property show flats are classified as “closed-door” events.</p> <p>Question 2</p> <p>(i) <u>Safeguard 1</u>: Supervisory call-backs should be a sufficient safeguard for products with free-look or cooling periods. We wish to clarify that this does not apply to products without cooling/free-look periods (e.g. travel insurance, loans and deposits). <u>Safeguard 2</u>: We propose that this safeguard be dependent on the type of marketing and distribution arrangements conducted. For roadshows at retailers and public spaces, site visits should be sufficient to monitor the activities. Mystery shopping could be hard to implement for certain products. We would suggest compulsory supervisory control at the sites to oversee activities. For brochure/take-ones placed at retailers without staff presence, we suggest that this safeguard is not required. <u>Safeguard 3</u>: Agree, as it will enable Management to have a clearer picture of the quality of activities/sales at retailers and public places. <u>Safeguard 4</u>: This should be applicable only for roadshows at public area and not applicable for brochure/take-ones placed at intermediaries’ premises as there may be thousands of intermediaries, e.g. Housing Agents, Renovation Contractors, Education Institutions, Mortgage Brokers and IFAs. <u>Safeguard 5 to 15</u>: Agree. <u>Safeguard 12</u>: There should be clear guidelines on the space requirement to avoid ambiguity.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Safeguard 14</u>: We suggest adding in an acknowledgement clause by the customer that he has read and understood the disclosure and relationship.</p> <p>(ii) No. Some of these insurance cover may be time sensitive e.g. travel insurance, and call-backs may not be performed in time or effectively.</p> <p>(iii) No further comments</p> <p>Question 3</p> <p>(i) We propose that such notifications be limited to roadshows (with booths) at public areas and retail malls whereby there are physical sales representatives marketing the product. Brochure/banner display should be excluded as the consumers can freely take or view these visuals. Similarly, brochure/take-ones at intermediaries premise should be excluded as customers would walk into these premises with the intention/needs for the product. Example: displaying renovation loan brochure/take-one at renovation companies, travel insurance brochures at travel agencies etc.</p> <p>(ii) Arrangements that are confirmed less than 1 month before it took place should be reported under the column “Preceding Calendar Quarter”. Example: For the reporting deadline of Oct 2015, the FI did not include a roadshow committed for Dec 2015 as the contract was only confirmed in Nov 2015. Hence, this roadshow should be reported in the following quarter i.e. Jan 2016 submission.</p>
		<p>Bank C</p> <p>Question 1</p> <p>(iii) Closed-door events are usually special tie-ups with the various Business Partners who will try to market their products at the events too. Bank staff will always be properly attired with bank uniform and this will differentiate bank staff from event staff. Therefore, we are agreeable that closed door events (including those special tie ups with various business partners) should be exempted from the proposed supervisory approach. Further, as mentioned in paragraph 1.5 of the consultation paper, the risks posed by such events are significantly lower.</p> <p>Question 2</p> <p>(i) <u>Safeguard 3</u>: We have existing complaints handling procedures where monitoring and reporting covering all sales activities are already in place; we do not think there is a need for separate</p>

S/N	Respondent	Full Responses from Respondent
		<p>monitoring and reporting of complaints arising from marketing, sales and advisory activities at retailers and public places.</p> <p><u>Safeguard 10</u>: It is our view that Banks should have the discretion to determine the remuneration and incentives based on their strategies.</p> <p><u>Safeguard 11</u>: This should not be applicable to credit cards. Gifts and Rebates are part of market norm for Credit Card application and usage. In selecting promotional gifts, we will have a view that the value of the gifts should not be exorbitant or excessive. Also, given the current stringent control during the credit card application process, only customers with good credit records will be successful in applying for credit cards.</p> <p>(ii) Safeguard 1 should not be applied to general insurance, i.e. travel and motor insurance as free look period is not applicable for these products.</p> <p>Question 3</p> <p>(i) Due to the competitiveness of the credit card markets, with regard to Tables 3 and 4 of the consultation paper (for the purpose of Credit Card roadshows), requesting Banks to give 2 months' advance notification might not be feasible as the arrangement and booking of such locations are usually on short notices. The number of sales agents at each respective roadshows will also fluctuate depending on the number of roadshows and available resources. We would like to propose that the reporting to MAS be post-event instead of pre-event for short term road shows of less than 3 months as it is more feasible.</p> <p>For paragraph 3.6, the Bank already has monitoring and reporting procedures in place for complaint handling through various channels. There is no need for separate reporting of market conduct complaints.</p> <p>(ii) Advance notification of arrangements less than 3 months might not be possible as some marketing strategies are tactical.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Bank D</u></p> <p>Question 1</p> <p>(i) As the intent of the proposals outlined in this consultation paper (CP) is to manage the risks of marketing and distribution arrangements at public places, we would like to seek the Authority’s clarification if finance companies, which are exempt financial advisers but could also be providing financial services to consumers, should be included in the scope.</p> <p>(ii) We respectfully request the Authority to consider excluding Transactional Banking Products (e.g. credit cards, unsecured loans and deposits) from the scope of the proposals outlined in this CP in view that other existing safeguards are in place for such Transactional Banking Products. These include:</p> <ul style="list-style-type: none"> • Stringent credit policies to ensure that the customers do not spend beyond their means (e.g. BTI cap, comprehensive credit bureau checks, etc) for lending products; and • Non-collection of card/unsecured credit applications at roadshows and non-collection of cash or cheque for deposits at roadshows. <p>(iii) We agree that “closed-door” events should be excluded in view that such events are either by invitation or registration where attendees would have known the purpose or would have expressed an interest before attending the event.</p> <p>Question 2</p> <p>(i) We would like to confirm with the Authority if our understanding is correct that “public places” as illustrated in this CP include MRT stations, bus interchanges and shopping centres, but exclude FIs’ existing off-premise places of business such as ATMs and self-banking lobbies, as well as booths set up outside branches.</p> <p><u>Safeguard 1:</u> We would like to clarify with the Authority on whether it is sufficient to have a party independent of sales to conduct such call-backs (i.e. the caller is not required to be registered under MAS’ Representative Notification Framework (RNF)). In addition, if the customer is uncontactable despite repeated calls (e.g. at least 3 attempts have been made) from the FI within the free-look period, is the FI then allowed to proceed with the processing of the transaction?</p> <p><u>Safeguard 2:</u> We would like to recommend that the mystery shopping be industry-led (e.g. to be coordinated by ABS) so as to ensure consistency in terms of approach.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Safeguard 4</u>: We would like to clarify whether the information to be maintained in the register is similar to the one being provided in the quarterly notification to MAS.</p> <p><u>Safeguard 6</u>: We would like to clarify whether the giving out of flyers is considered as prospecting of customers. It is a common practice for FI representatives to be giving out flyers somewhere near the booth, but which may not be in the immediate vicinity.</p> <p><u>Safeguard 8</u>: In addition to FI-specific training, we would like to check whether there would be industry-led training developed on proper sales and advisory conduct at public places.</p> <p><u>Safeguard 9</u>: We would like to confirm that part-timers who are engaged to distribute flyers and leaflets near booths set up at roadshows, but do not act as representatives to advise the public on specific products, are not within scope of this safeguard.</p> <p>In addition, we would like to seek clarification on the Authority's expectations with regard to the types of checks required to ensure that the vendors possess good compliance record. Could MAS provide further guidance on this requirement e.g. would there be some public databases that FIs could access to obtain such information? Further, are FIs expected to conduct the checks for every roadshow or only as part of the vendor on-boarding process?</p> <p><u>Safeguard 11</u>: We would like clarify with the Authority if we could take guidance from Guidelines on Fair Dealing to determine what gift amount would constitute as inducement for purchase of investment products.</p> <p>As described under Question 1(ii), we would respectfully request the Authority to consider the exclusion of transactional banking products (including deposits, cards and unsecured loans) in view of the mitigating controls set out above under Q1(ii). In addition, as it is quite subjective on what is considered as "prominently displayed", we suggest that there should be some industry-agreed parameters (e.g. from ABS) to provide better clarity.</p> <p>(ii)</p> <p>We agree with the Authority's proposal to confine Safeguard 1 to investment/insurance products that are required by regulations to have a free-look period. This is in view that other insurance products (e.g. motor and travel insurance) are generally driven by consumers' needs (or consumption-based) and are not taken up based on impulse.</p> <p>Question 3</p> <p>(i)</p> <p>On the notification requirements listed in Tables 3 and 4, as well as paragraph 3.6, we seek the Authority's consideration to provide the list of arrangements that have been conducted in the previous calendar quarter instead of the proposed arrangements for the next calendar quarter given that such plans are fluid and subject to</p>

S/N	Respondent	Full Responses from Respondent
		<p>changes. As mentioned above, the marketing plans are fluid and quite often, campaigns cannot be confirmed until 1 or 2 months before the actual roadshow. While we can provide the forecast arrangements, we would like to seek clarification whether FIs will be penalized if the actual plan turned out to be substantially different from the forecast, or whether there are some variations from the notification that would be within acceptable threshold.</p> <p>(ii) Based on the prescribed reporting templates and reporting schedule, FIs would be required to share roadshow schedule/details as far ahead as 2 months in advance of the beginning of the next calendar quarter. These would unlikely be accurate as most roadshows are not planned with such advance notice. This is in view that some landlords are able to confirm the leasing of event space only 1 month prior to the actual event date. Given the above constraint and in view that the submission is not for the purpose of obtaining approval from the Authority, we seek your concurrence to amend the reporting schedule to be post-event (i.e. one month after the roadshows) instead.</p>
		<p><u>Bank E</u></p> <p>Question 1</p> <p>(i) No comment.</p> <p>(ii) No comment.</p> <p>(iii) We recommend “closed-door” events to be excluded from the proposed supervisory approach. For example, we host roadshows and events in the companies’ premise. This is akin to making an appointment with the employees to provide our products and services to them.</p> <p>Question 2</p> <p>(i) The proposed market conduct safeguards recommends call-backs to all customers prospected at retailers and public places. Instead of targeting all customers, we would like to target these safeguards for selected clients as defined under the MAS balanced score card framework. We require more clarification on the definition of good compliance record under Safeguard 9.</p> <p>(ii) We propose that insurance products (e.g. Motor and travel insurance) be exempted from Safeguard 1 because these products are generally simple and needs based.</p> <p>(iii)</p>

S/N	Respondent	Full Responses from Respondent
		<p>No comment.</p> <p>Question 3 MAS has proposed FIs to furnish information on (i) their plans to conduct marketing and distribution activities at retailers and public places in the next calendar quarter at least two months prior to the start of the next calendar quarter; and (ii) the actual activities that have been conducted in the preceding calendar quarter. The proposed timeline would be challenging for us because the retailers/landlords would not be able to confirm the location/venue by this timeline. We are unable to request the retailers/landlords to accede to the request.</p>
		<p>Bank F</p> <p>Question 1 (ii) We note that the proliferation of such marketing and distribution arrangements of FIs at retailers and public places, if not properly managed, would give rise to the problems as mentioned. However the potential market risks, as cited, relate mostly to the marketing of investment products and not to the traditional banking products and facilities. The marketing of traditional banking facilities, or more commonly credit or debit cards at such public places, provides an avenue of bringing customers’ awareness to the kind of banking services that banks provide. There is no investment element and risks in such banking facilities. Hence, we propose that the proposed supervisory approach should exclude traditional banking facilities. We would also like to clarify if Bank’s mortgage specialist stationed at show flats of property launches are exempted from the new requirements.</p> <p>(iii) We are of the view that they should be exempted given that this is similar to “closed-door” events mentioned in 1.5 of the CP. Participants would be fully aware of the purpose of the property launches when attending them.</p> <p>Question 2 (i) We would like to clarify whether roadshows or events held at the vicinity outside or at the doorstep of Bank branches are considered “public places” and therefore subject to the new requirements. <u>Safeguard 2:</u> We would like to suggest that FIs conduct either mystery shopping or site visits, instead of conducting both, given that both are to be conducted to check for adherence to internal standards and procedures as well as the Market Conduct Guidelines. To conduct both to achieve the same objective might be very onerous.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Safeguard 4</u>: We would like to clarify whether there are any expectations on the type of information to be contained in the register.</p> <p><u>Safeguard 6</u>: We would appreciate it if MAS could further define “immediate vicinity” so as to provide a consistent approach and level playing field across the industry.</p> <p><u>Safeguard 8</u>: We would like to clarify whether the usual sales and advisory conduct training which is applicable for all scenarios is adequate and there is no need to have a separate sales & advisory conduct training for the purpose of marketing at retailers and public places.</p> <p><u>Safeguard 9</u>: We would appreciate it if MAS could provide further clarity on its definition of “good compliance record”. We would like to suggest to set a limit such that only BSC “E” graders for 2 consecutive quarters would not be allowed to be assigned to retailers or public places, given that BSC “E” graders can still conduct sales in a branch and thus the rationale of suggesting BSC “E” graders for 2 consecutive quarters.</p> <p><u>Safeguard 10</u>: We respectfully submit to request MAS to allow FIs to decide on the remuneration and incentives paid to representatives for financial products and services sold at different locations or channels, in view that they are of different sales models and therefore their payout would differ.</p> <p><u>Safeguard 11</u>: The promotion of banking products and services should be excluded in view that there is no loss suffered by consumers. Gifts given in relation to such promotion of banking products and facilities are often minimal in value (as it would not be commercially viable for financial institutions to provide a valuable gift) in relation to the banking products and services offered. Such banking products and services including the gifts would not be deemed to be detrimental to the consumers.</p> <p>(ii) We agree that call-backs would mitigate the risks that could arise from the sale of investment products at retailers or public places. However general insurance, especially travel insurance, are sold due to a specific need and without any investment element or risk embedded in the product. While we understand the intent to protect consumers, having to perform call-backs for the sale of general insurance products would increase cost without any real benefit to the consumers. It is also equally important for consumers to be aware and guard themselves against unforeseen risks. General insurance, where the insurance purchased is related to the product or service that the consumer is buying, is no different from other banking facilities and services offered which have been excluded. Hence we propose that general insurance be excluded from Safeguard 1. In addition to the above, we respectfully submit to request MAS to consider exempting simple life policies sold as an</p>

S/N	Respondent	Full Responses from Respondent
		<p>ancillary product to loans with a simple payment basis for the insurance cover from Safeguards 1 and 2. These include policies that cover outstanding loans through personal loans, car loans and credit card balances. Such exemption is similar to the exemption provided for in FAA-N16.</p> <p>Question 3</p> <p>(i) We would like to suggest that reporting be done based on actual rather than forecasted arrangements, reason being that the reporting of details 2 months prior to actual arrangement might be subject to changes and it will be tedious to provide amendments to MAS. While we agree with the need to furnish details of market conduct complaints for marketing and distribution activities conducted in the preceding quarter, kindly note that such data may not be meaningful in view that most complaints may not take place immediately, especially taking into account of the short period that MAS is requesting for such data.</p> <p>(ii) The deadline for the submission of details of arrangement (e.g. roadshows) of 2 months prior to the start of next calendar quarter might be challenging as the location details can likely only be confirmed 1 month before the arrangement takes place and is especially so for roadshows of shorter duration. If reporting is mandatory based on forecast, we would like to suggest that the deadline be 1 month prior to the quarter.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Bank G</u></p> <p>Question 1</p> <p>(i) We are of the view that it is sufficient to impose the proposed supervisory approach to banks, non-bank credit card and charge card licensees, holders of capital markets services licence, licensed financial advisers and insurance companies and their intermediaries.</p> <p>(ii) We are of the view that it is not necessary to include more classes of financial products to the proposed supervisory approach. We are of the view that for transactional banking products, such as bank accounts and credit cards, for which customers use as and when the need to transact arises and can readily terminate with no penalties or losses, not all of the policy concerns such as enticement to purchase unsuitable products and need to provide a conducive environment would be relevant for these products. As such, some of the proposed safeguards may not be relevant for these products. For these transactional banking products, safeguards implemented should only be to the extent necessary to prevent the public from suffering harassment and provide clarity to the public as to the party providing the transactional banking product.</p> <p>(iii) We agree with MAS' view that participants attending "closed-door" events would be fully aware of the purpose of these events and that "closed-door" events should be excluded from the proposed supervisory approach.</p> <p>Question 2</p> <p>(i) <u>Safeguard 1</u>: We respectfully submit that general insurance products with free-look period where the insurance purchase is related to the product or service that the customer is buying (such as credit card add-on products for debt protection and general insurance which are marketed together with credit cards) be excluded from this safeguard if the consumer would not be subject to any cancellation fees or penalties in the event that the consumer terminates such general insurance product after the free-look period. This is an imposition of additional compliance costs on FIs without any corresponding increase in meaningful protection for consumers. <u>Safeguard 6</u>: We respectfully propose that this safeguard be re-phrased to direct or require FIs to consider whether the marketing and distribution arrangements or practices at retailers and public places would cause annoyance to consumers, generally. Prospecting activities can be harassing or annoying even if it is in the immediate vicinity, if they are not conducted appropriately.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Safeguard 10</u>: Given the variations in compensation structures, it may be challenging for FIs to ensure that the remuneration and incentives paid to representatives for financial products and services sold at retailers and public places are not higher than those sold at other locations or channels. As the objective should be to ensure that representatives who sell at retailers and public places should not be incentivised to adopt aggressive prospecting and sales practices, it should be sufficient if the remuneration and incentives for such representatives are comparable and not significantly more attractive than those for representatives who sell at other locations or channels.</p> <p><u>Safeguard 11</u>: We respectfully submit that it would be onerous for FIs to ensure that any gift offered “does not influence” the decision of the customer and to ensure that the details of any gift are “not prominently” displayed or “actively promoted”. As an alternative, we respectfully submit that MAS should instead require FIs to limit their choice of gifts to those that are unlikely to give rise to an undue or inappropriate enticement of a reasonable consumer (in the market segment for which the financial product is intended) to purchase a product otherwise unsuitable for the consumer.</p> <p>(ii)</p> <p>We are of the view that Safeguard 1 need not be applied to insurance products that are not required by regulations to have a free-look period (such as motor and travel insurance). Typically, these products do not entail a long-term commitment on the part of the consumer, and can be terminated with no or minimal fees.</p> <p>Question 3</p> <p>We wish to highlight that the proposal to submit the notification at least two months prior to the start of the next calendar quarter would be practically challenging given that:</p> <ul style="list-style-type: none"> • arrangements at public places are typically finalised with less than 1 month’s prior notice; • arrangements at retailers are mostly finalised a few weeks prior thereto; and • the forecast of the number of representatives cannot be accurately made as this is dependent on the actual booth size (which is finalised only a few weeks prior). <p>Accordingly, we respectfully submit that the requirement to notify, be limited to marketing and distribution arrangements made in the preceding calendar quarter.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Bank H</u></p> <p>General feedback</p> <p>We request MAS to define the scope of marketing and distribution activities at retailers and public places that are subject to the proposed market conduct rules. Conceivably, the following type of activities should be outside the scope of market conduct rules as they are unlikely to result in improper practices like product pushing or aggressive selling:</p> <ul style="list-style-type: none"> • Car dealers who process motor vehicle loans and motor insurance on behalf of clients. • Passive marketing and distribution activities, where only brochures are placed at retailers and public places and customers are served on a reverse enquiry basis. <p>We request MAS to provide FIs sufficient time to implement the required safeguards and notification requirements before they come into effect.</p> <p>Question 1</p> <p>(i)</p> <p>We are of the view that the proposed supervisory approach should be applied consistently across all FIs conducting roadshows at retailers or public places for marketing and distribution activities. In particular, in addition to the FIs listed in Table 1 of the consultation paper, we propose for Finance Companies to be included. This is because the financial products offered by Finance Companies are fairly similar to those offered by Banks.</p> <p>(ii)</p> <p>We have no comments.</p> <p>(iii)</p> <p>We agree that “closed-door” events should be excluded from the proposed supervisory approach. These “closed-door” events are typically held at private locations or a properly-managed environment, and the participants would be invited or subject to registration before attending these events. As such, the prudential concerns around the participants being subject to improper practices like product pushing or aggressive selling would be mitigated.</p> <p>Question 2</p> <p>(i)</p> <p>We request for MAS to prescribe additional examples in the Market Conduct Guidelines, to provide further guidance for FIs on the regulatory expectations and operationalisation of these requirements.</p> <p><u>Safeguard 1:</u> We propose for MAS to review this safeguard because the prudential concerns associated with this safeguard would have</p>

S/N	Respondent	Full Responses from Respondent
		<p>been addressed, to some extent, by the call-back requirement for Selected Clients and Selected Representatives, as part of pre-transaction checks under the MAS Balanced Scorecard (BSC) Framework. In this regard, if the regulatory intent is to extend the safeguard of call-backs to clients who are prospected and closed their transactions at the retailers or public places but not subjected to the call-back requirements under the MAS BSC Framework, we propose that MAS allows FIs to conduct these call-backs on a sample basis. Some clients who are prospected and have closed their transactions at the retailers or public places may be financially savvy clients. Hence, we propose that MAS allow FIs to establish a process for such clients to opt-out from receiving call-backs. FIs would document the consents of these clients.</p> <p>Some clients may have been prospected at the retailers or public places but may not have closed their transactions immediately at these locations. Instead, the sales representatives would follow-up with these clients to close the transactions by making subsequent appointments, where further information is provided to these clients in a conducive environment to help them understand their transactions before making them. We would like confirm with MAS that these clients are outside the scope of Safeguard 1.</p> <p><u>Safeguard 2:</u> We would like clarify whether MAS expects the proposed regular mystery shopping and site visits to be conducted at a certain frequency. MAS clarified that FIs are not required to implement Safeguard 2 for the sale of general insurance products where the insurance purchased is related to the product or services that the customer is buying. Similarly, we propose for the sale of banking products at events promoting other products or services that are closely related to the relevant banking product, for example sale of motor insurance at car showrooms or car shows and sale of mortgages at property launches or show flats, to be exempted as well.</p> <p><u>Safeguard 4:</u> We would like to seek clarification on whether MAS expects certain mandatory information to be maintained in the register for supervisory or audit purposes.</p> <p><u>Safeguard 11:</u> We propose that MAS allow marketing materials explaining the details as well as the terms and conditions for gifts, such as brochures and leaflets, to be displayed and distributed at retailers or public places. While we agree that representatives should not use aggressive sales tactics at retailers or public places, it is also important for the representatives to explain the details as well as the terms and conditions for the gifts to prevent disputes.</p> <p>(ii)</p> <p>We are of the view that Safeguard 1 should not be applied to insurance products that are not required by regulation to have a free-look period. This includes general insurance products such as motor and travel insurance, which are generally considered as low</p>

S/N	Respondent	Full Responses from Respondent
		<p>risk from a product suitability perspective. Similarly, Safeguard 1 should also not be applied to banking products such as credit cards and mortgages. These products are transactional in nature and do not bear the risk of clients losing part or their entire principal amount like investment or insurance products. Moreover, clients would be directed to read the terms and conditions to understand the features of these banking products before they apply for them.</p> <p>(iii) We have no comments.</p> <p>Question 3</p> <p>(i) We seek clarification from MAS on how marketing and distribution activities would be monitored. For example, MAS may clarify to what extent such activities would be deemed as excessive or some locations that would be deemed as undesirable. We propose for MAS to review the extent of information requested for the notification requirements, as the details to be submitted under Table 3 and 4 appear to be too granular. We would also like to highlight that to anticipate the number of representatives to be stationed at any arrangement could be a challenge and is subjected to change. As an alternative, MAS may prescribe all FIs to submit a set of high-level information, and follow-up with specific FIs for further details if there are any particular supervisory concerns.</p> <p>(ii) For arrangements with duration shorter than one quarter, FIs will be required to furnish information on (i) their plans to conduct marketing and distribution activities at retailers and public places in the next calendar quarter at least two months prior to the start of the next calendar quarter; and (ii) the actual activities that have been conducted in the preceding calendar quarter. We propose that the information for (i) and (ii) be submitted to MAS at one month prior to the start of the next calendar quarter, instead of two months. This is to allow FIs to provide a more accurate projection of the expected activities for (i) as these activities are typically confirmed with the event organisers and subject to change on shorter notices (i.e. less than two months before the actual event). For arrangements with duration of one quarter or longer, we are of the view that it would be more practical and meaningful for FIs to provide the necessary information to MAS on a pre-notification basis only (i.e. post-notification to MAS would not be required). Where MAS has supervisory concerns on such arrangements made by a particular FI, pre-notification may then be imposed on this FI as a supervisory measure.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Bank I</u></p> <p>General</p> <p>As the proportion of acquisition conducted at public spaces is typically limited (compared to total acquisitions), MAS should evaluate if the compliance costs incurred by the industry with the implementation of such requirements commensurate with the benefits of achieving such limited additional consumer protection. Furthermore, if the actions of a few errant FIs are the cause of the regulation, MAS may wish to evaluate if it is equitable to subject the entire industry to additional requirements when it is the few errant FIs that should bear the brunt of the additional regulatory requirements.</p> <p>Question 1</p> <p>(ii)</p> <p>Given that the concern is the potential offer of unsuitable product offerings to customers, MAS may wish to consider differentiating “transactional type products” from “investment products”. Some customers may experience buyer’s remorse for investment products which involves regular contributions or commitment of a substantial amount. “Transactional type products”, such as credit cards and deposit account opening provide greater convenience to customers and/or drive efficiencies/productivity where customers could choose to terminate the product with little penalties, should not be subject to the requirements.</p> <p>We would suggest that MAS exempt protection-based products with no cash value as industry aim to improve protection coverage to our customers. We propose that General insurance (GI) products be carved out separately similar to “transaction type” products. GI is primarily need-based and not FAA regulated. Furthermore, it can be terminated at any point in time without significant impact to the customer (i.e. no cash value).</p> <p>(iii)</p> <p>Closed-door events such as arrangements tied up with specific companies should be excluded from the proposed supervisory approach as these events are organized with specific intent.</p> <p>Question 2</p> <p>(i)</p> <p><u>Safeguard 1</u>: GI should not be subject to call-backs. Even though there is no free-look period, a quotation has to be obtained before determining the premium payable. Customers need to provide full needs-based details (e.g. of their car or travel plans) in order to proceed with the purchase. This in itself ensures suitability and understanding by the customer. In addition, GI are typically of low-premium and need-based. Conducting call-backs will result in</p>

S/N	Respondent	Full Responses from Respondent
		<p>additional cost which inadvertently may be passed on to the customers in the form of higher premiums. For the same reasons, we are suggesting to exclude life protection product without cash value (including term, accident and health insurance products) from Safeguard 1. As the intent of the proposed guidelines is to safeguard customers from impulse purchases at such public places, call-backs should be conducted only for products which are applied and/or approved onsite.</p> <p><u>Safeguard 6:</u> We seek clarification from MAS to define “immediate vicinity”, “unreasonably persistent” and “undue pressure”, and on examples to illustrate how the terms are to be implemented.</p> <p><u>Safeguard 9:</u> We seek clarification from MAS as to what constitutes “good compliance record”, in particular where sales representatives are not registered under the Representative Notification Framework (RNF) regime; and the rationale for imposing the requirements on non-RNF representatives. We also seek clarification on examples to illustrate how the safeguard is to be implemented.</p> <p><u>Safeguard 11:</u> We seek clarification on what constitute “gifts that will influence customers’ purchase decisions”. If gifts are printed on a standee, banner or flyers, would that constitute prominent display or active promotion? We also seek clarification on examples to illustrate how the safeguard is to be implemented.</p> <p><u>Safeguard 12:</u> We seek clarification on what constitutes “adequate” and “conducive” space allocated for a sales booth, and on examples to illustrate how the safeguard is to be implemented.</p> <p><u>Safeguards 14 and 15:</u> We seek clarification on “retailers”. We note that paragraph 1.1 states “... arrangements with retailers, such as those selling consumer goods and groceries...”. We would appreciate it if MAS provides a definition on “retailers”.</p> <p>Question 3</p> <p>Pursuant to Tables 3 and 4 of the consultation paper, we would like to clarify that details of road-show arrangements and actual information may not be available two months before the next calendar quarter as negotiation and confirmation may still be in progress with event organizers/site owners. As this may not be operationally feasible, we would like to suggest that information be provided on a 'forecast/plan' basis, and actual activities be updated in the preceding calendar quarter.</p> <p>For the details to be submitted under Table 4, we would like to understand the rationale of providing “the maximum number of representatives to be stationed at any location, in any single day”; having noted that representatives has been defined as “employees and agents of FIs including, but not limited to, representatives appointed to conduct regulated activities under the Securities and Futures Act and/or provide financial advisory services under the Financial Advisers Act.”</p>

S/N	Respondent	Full Responses from Respondent
		<p>We note that in paragraph 3.1, an arrangement has been defined to refer to each unique contract/arrangement, which an FI has entered into with a third party for the FI to station its representatives at specified location(s) to conduct marketing and distribution activities. For marketing and distribution arrangements at public places such as bus interchange, MRT stations, around office buildings/towers, we seek clarification from MAS if these arrangements are required to be included in Tables 3 and 4 as there are no contracting parties involved.</p> <p>With reference to paragraph 3.3 on information to be submitted, to cater for ad-hoc and last minute road-show engagement, we would like to propose for FIs to proceed with such ad-hoc and last minute engagement (notwithstanding that it was not notified in the 'forecast/plan' arrangements) and to notify MAS only in the preceding quarter report.</p> <p>With reference to paragraph 3.6 (a), rather than having a separate complaints reporting submission under this guidelines, we suggest that it be aligned with the proposed Financial Advisers (Complaints Handling and Resolution) Regulations so as to ensure consistency and streamlining of regulatory reporting requirements relating to complaints handling.</p> <p>With reference to paragraph 3.6 (b), we would like MAS to clarify the definition of "top five" financial products, such as whether this top five is by count or dollar value as credit cards, for example, are typically measured by count. We seek further clarity if these numbers reported relate to the number of applications submitted at road-show or to report the application received and approved by the FI.</p> <p>FI may conduct road-shows at hospitals, promoting Child Development Account (CDA) and at the same time may introduce insurance products during such account opening. At such road-shows, only factual information of insurance products is shared based on information printed on product brochure. For clients who are keen, appointments are arranged to visit the branches for a proper sales process. As the main product in such road-show is the CDA, we propose that MAS clarify if such insurance products would be subject to the notification requirement if it is sold subsequently at branches.</p> <p>If leads are gathered or appointments are arranged with no purchases being made at road-show or public places, it should be excluded from the notification requirement.</p>

S/N	Respondent	Full Responses from Respondent
2	Credit Suisse AG, Singapore Branch	<p>Question 1 (iii) We would like to confirm the understanding that the proposed supervisory approach and market conduct guidelines would apply regardless of the investor clientele. We welcome the proposed approach to exclude “closed-door” events from the proposed supervisory approach. Under Paragraph 1.5, it states that “closed door” events include a seminar organised in an auditorium by invitation or subject to registration, or a workplace seminar specifically conducted by employees of an organisation. We would like to confirm the understanding that the scenario where members of the public who are invited by the bank or subject to registration, to attend in-house events either within the bank’s premises or in other locations (i.e. not necessarily auditorium) are also deemed as closed-door events and would be excluded from the proposed market conduct guidelines and supervisory approach.</p> <p>Question 2 No comments.</p> <p>Question 3 No comments.</p>
3	United Overseas Bank Limited	<p>Question 1 (ii) We note that the proliferation of such marketing and distribution arrangements of FIs at retailers and public places, if not properly managed, would give rise to the problems as mentioned. However, the potential market risks, as cited, relate mostly to the marketing of investment products and not to the traditional banking products and facilities. The marketing of traditional banking facilities, or more commonly, credit or debit cards at such public places, provides an avenue of bringing customers’ awareness to the kind of banking services that banks provide. There is no investment element and risks in such banking facilities. Hence we propose that the proposed supervisory approach should exclude traditional banking facilities. We would like to clarify whether a Bank’s mortgage specialists stationed at show flats of property launches would be exempted from the new requirements. We are of the view that they should be exempted given that this is similar to “closed-door” events mentioned in 1.5 of the consultation paper. Participants would be fully aware of the purpose of the property launches when attending them. We would like to know if MAS would prescribe the sales and advisory conduct at retailers and public places.</p> <p>Question 2</p>

S/N	Respondent	Full Responses from Respondent
		<p>(i) We would like to clarify whether a roadshow or event held at the vicinity outside or at the doorstep of Bank branches would be considered a “public place” and therefore subject to the new requirements.</p> <p><u>Safeguard 2</u>: We would like to suggest that FIs conduct either mystery shopping or site visits, instead of conducting both, given that both are conducted to check for adherence to internal standards and procedures as well as the Market Conduct Guidelines. By conducting both to achieve the same objective might be very onerous.</p> <p><u>Safeguard 4</u>: We would like to clarify whether there are any expectations on the type of information to be contained in the register.</p> <p><u>Safeguard 6</u>: We would appreciate it if MAS could further define “immediate vicinity” so as to provide a consistent approach and level playing field across the industry.</p> <p><u>Safeguard 8</u>: We would like to clarify whether the usual sales and advisory conduct training which is applicable for all scenarios is adequate and there is no need to have a separate sales and advisory conduct training for the purpose of marketing at retailers and public places.</p> <p><u>Safeguard 9</u>: We would appreciate it if MAS could provide further clarity on its definition of “good compliance record”. We would like to suggest to set a limit such that only BSC “E” graders for 2 consecutive quarters would not be allowed to be assigned to retailers or public places, given that BSC “E” graders can still conduct sales in a branch and thus the rationale of suggesting BSC “E” graders for 2 consecutive quarters.</p> <p><u>Safeguard 10</u>: We respectfully submit to request MAS to allow FIs to decide on the remuneration and incentives paid to representatives for financial products and services sold at different locations or channels, in view that they are of different sales models and therefore their payout would differ.</p> <p><u>Safeguard 11</u>: The promotion of banking products and services should be excluded from Safeguard 11 in view that there would be no loss suffered by consumers. Gifts given in relation to such promotion of banking products and facilities are often minimal in value (as it would not be commercially viable for Financial Institutions to provide a valuable gift) in relation to the banking products and services offered. Such banking products and services including the gifts would not be deemed to be detrimental to the consumers.</p> <p>(ii) We agree that call-backs would mitigate the risks that could arise from the sale of investment products at retailers or public places. However, general insurance, especially travel insurance, are sold</p>

S/N	Respondent	Full Responses from Respondent
		<p>due to a specific need and without any investment element or risk embedded in the product. While we understand the intent to protect consumers, having to perform call-backs for the sale of general insurance products would increase cost without any real benefit to the consumers. It is also equally important for consumers to be aware and guard themselves against unforeseen risks. General insurance, where the insurance purchased is related to the product or service that the consumer is buying, is no different from other banking facilities and services offered which have been excluded. Hence we propose that general insurance should be excluded for Safeguard 1.</p> <p>In addition to the above, we respectfully submit to request MAS to consider exempting simple life policies sold as an ancillary product to loans with a simple payment basis for the insurance cover for Safeguards 1 and 2. These include policies that cover outstanding loans through personal loans, car loans and credit card balances. Such an exemption would be similar to the exemption provided in FAA-N16.</p> <p>Question 3</p> <p>(i)</p> <p>We would like to suggest that reporting be done based on actual rather than forecasted arrangements, the reason being that the reporting of details 2 months prior to actual arrangement might be subject to changes and it will be tedious to provide amendments to MAS.</p> <p>While we agree with the need to furnish details of market conduct complaints for marketing and distribution activities conducted in the preceding quarter, kindly note that such data may not be meaningful in view that most complaints may not take place immediately, especially taking into account of the short period that MAS is requesting for such data.</p> <p>(ii)</p> <p>The deadline to submit details of arrangement (e.g. roadshows) 2 months prior to the start of next calendar quarter might be challenging as the location details can likely only be confirmed 1 month before and is especially so for roadshows of shorter duration. If reporting is mandatory based on forecast, we would like to suggest the deadline to be 1 month prior to the quarter.</p>

S/N	Respondent	Full Responses from Respondent
4	AIA Singapore Private Limited	<p>Question 1 (iii) We agree that “closed-door” events should be excluded, for the reasons stated in paragraph 1.5 of the consultation paper.</p> <p>Question 2 (i) <u>Safeguard 1</u>: It would be a more balanced and practical approach to conduct call-backs on a sampling basis rather than to all customers prospected at retailers and public places. <u>Safeguard 11</u>: While our company agrees that any gift offerings must not influence the customers, and proper sales and advisory processes must be adhered to, details of the gifts would usually be stated in sales collaterals (e.g. brochures/flyers, roadshow banners, etc.); it is unclear if the provision of such details tantamount to being “prominently displayed or actively promoted”. It would be useful for MAS to give some examples to clarify this point. (ii) As such insurance products are of lower market conduct risk, it may not be practical to apply Safeguard 1 on them. It may thus be more instructive to allow financial institutions to apply a risk-based approach on Safeguard 1, rather than prescribing the broad categories and schemes applicable. (iii) Apart from gifts, other means (e.g. incentives, large discounts, bundled promotions, etc.) may be used to entice consumers to purchase unsuitable products. As Safeguard 11 appears to focus only on gifts, MAS may either need to be clearer on Safeguard 11, or include another safeguard to mitigate possible circumvention of the requirements. This, however, needs to be done in a balanced way and not stifle business innovation.</p>
5	AXA Life Insurance Singapore Pte Ltd	<p>Question 1 (i) We have no comment. (ii) We have no comment. (iii) We are of the view that closed-door events should be excluded from the proposed supervisory approach, given that participants of these events will be aware of the purpose of these events and are in a position to make an informed decision to attend/participate.</p> <p>Question 2 (i) We are of the view that the proposed safeguards are appropriate where the marketing and distribution arrangement in question is ad hoc or short term in nature (i.e. 1-2 weeks). We do not consider the</p>

S/N	Respondent	Full Responses from Respondent
		<p>proposed safeguards to be appropriate where the marketing and distribution arrangement is longer term in nature, where the FI would have invested considerable resources to address the risks highlighted in the Consultation Paper, including:</p> <ul style="list-style-type: none"> • Ensuring that participating representatives receive appropriate and adequate training. • Providing a permanent structure and set-up, and an appropriate environment where products can be distributed, and where the customer can return to in the future should there be a need for clarification, which can be provided by the same representative(s), who are stationed on site on a long-term basis. • Providing appropriate branding to minimise any risk of confusion. • Establishing appropriate controls to address the collection of cash and cheques. <p>The extension of the proposed safeguards to FIs in the latter circumstances may in fact disadvantage these FIs, given that other FIs will not be required, for example, to conduct call-backs to all customers within the free-look period.</p> <p>(ii) We are of the view that Safeguard 1 should not apply to insurance products that are not subject to a mandatory free-look period. Unlike life insurance products, these products can usually be terminated upon service of notice and the customer is entitled to a pro-rata refund of premiums paid.</p> <p>(iii) We have no comment.</p> <p>Question 3</p> <p>(i) We are of the view that it will be difficult for FIs to furnish information on their plans to conduct marketing and distribution activities at retailers and public places in the next calendar quarter at least two months prior to the start of the next calendar quarter. From our experience, ad hoc and short-term marketing and distribution activities tend to be finalised 2-4 weeks ahead of time. We are of the view that FIs should be allowed to furnish the required information at least 2 weeks before the commencement date of the relevant marketing and distribution activity.</p> <p>(ii) We have no comment.</p>
6	Friends Provident International Limited	<p>Question 1</p> <p>(iii) We agree with the proposal that “closed-door” events should be excluded from the proposed supervisory approach on the basis that market conduct risks posed by such “closed-door” events are</p>

S/N	Respondent	Full Responses from Respondent
		<p>significantly lower given that the participants (invited or registered for the event) would be fully aware of the nature/purpose of these “closed-door” events.</p>
7	<p>The Great Eastern Life Assurance Company Limited and The Overseas Assurance Corporation Limited</p>	<p>Question 1 (i) For the purpose of level playing field, except for FIs marketing only to accredited investors, any FI which carries out FA activities for the retail market should be included, e.g. insurance brokers. (iii) Yes, closed-door events should be excluded. For closed-door events (e.g. seminars and talk events), invitations are sent by the organisers or customers register for the events. Participants are fully aware of the purpose of these events when attending them. As a result, market conduct risks are manageable.</p> <p>Question 2 (i) Safeguard 1 should be applicable only to customers who purchased a product during the roadshow. Rationale: It would be onerous for insurers to track all prospects, especially since products may be sold at a later stage, in cases where interested clients purchase a product after subsequent follow-ups with the representative, after the roadshow. Please clarify whether LIA Mystery Shop Program is sufficient for Safeguard 2. (ii) No, Safeguard 1 should not be applied to such insurance products (e.g. motor and travel insurance) as these products are very different from long-term life insurance policies.</p> <p>Question 3 (i) In practice, details of such arrangements (including the number of participants) may only be available or confirmed closer to the actual event date. Therefore it should be highlighted that any forecast of future arrangements will be made on a best-effort basis using available information and assumptions such as historical trends. It is likely that the actual outcome may deviate from the initial forecast.</p>
8	<p>Manulife (Singapore) Pte Ltd</p>	<p>Question 1 (i) If the rules are to prevent consumers from being “pressured” to make financial decisions on the spot, then firms marketing products and services such as properties / time-sharing / loans should be included. (ii) From the perspective of an insurer, the Free-Look provision of 14 days already provides consumers a recourse and cooling-off period</p>

S/N	Respondent	Full Responses from Respondent
		<p>should they decide that any purchase done was not suitable for their needs. It is therefore our opinion that the proposed supervisory approach is more than sufficient.</p> <p>(iii) Closed-door events should be excluded as our closed-door events are typically informative in nature, e.g. sharing by doctors regarding medical illnesses, lawyers regarding the importance of wills and trusts, etc. MAS has rightly pointed out that closed-door events are normally by invitation or registration and prospects respond knowing what the event topic would be. Hence, there is no necessity to regulate closed-door events.</p> <p>Question 2 (i) <u>Safeguard 1</u>: We propose that in the absence of a free-look period, Safeguard 1 should apply. However, if there exists a free-look period, then we would suggest the exclusion of this safeguard as consumers already have a mode of recourse. (ii) We propose that all insurance products should require a free-look provision and in the absence of a free-look period, Safeguard 1 should apply. However if there exists a free-look period, then we would suggest the exclusion of Safeguard 1.</p>
9	NTUC Income Insurance Co-Operative Limited	<p>Question 1 (i) We propose for viatical investments to be subject to the same regulations. (ii) We propose to exclude insurance products that are not required by regulations to have a free-look period. (iii) We agree that closed-door events should be excluded.</p> <p>Question 2 (i) <u>Safeguard 1</u>: We propose to apply the call-back requirement only to customers who made a purchase immediately on the spot after needs analysis and presentation were done. For customers who did not make a purchase after going through needs analysis and presentation by the representatives, but subsequently returned to make the purchase, the call-back requirement should not apply. These customers would have sufficient time to consider the suitability of the product before returning to make the purchase. We would also like to propose the call-back mechanism to be similar to that prescribed under the Balanced Scorecard (BSC) framework. <u>Safeguard 2</u>: We propose to allow FIs to decide either to conduct mystery shopping or site visits.</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Safeguard 9</u>: We propose to use BSC grades as a guideline. Representatives with grades A to D will be allowed to be assigned or stationed at retailers and public places. Representatives with grade E can only be allowed to be assigned or stationed at retailers and public places if there is a supervisor at the same site. All their closed sales are to be validated by the supervisor before the customer leaves the site.</p> <p><u>Safeguard 14</u>: We are of the view that it may not be practical to enforce this. The signage and identification described under Safeguard 7 would be sufficient as a form of disclosure.</p> <p>(ii) Agree.</p> <p>Question 3 (ii) We propose to shift the submission deadline to the last month of every quarter. If submission is done at the end of the first month of every quarter, it would mean that FIs need to forecast arrangements up to the next 5 months, which may be unrealistic. For example, if the submission deadline is 31 Jan 2016, FIs will need to forecast up to Jun 2016. In addition, roadshows may be arranged within a short period (e.g. as short as a few days). The deviation between the forecasted arrangements and actual arrangements would be minimised if the submission deadline is shifted to the last month of every quarter. This will also allow FIs to have more time to prepare the report required under paragraph 3.6(b).</p>
10	Prudential Assurance Co. Singapore (Pte) Ltd	<p>Question 1 (iii) “Closed-door” events should be excluded from the proposed supervisory approach because it is not public facing and it will not constitute any public harassment. Furthermore, these events are by invitation only. Invitees are aware of the event content.</p> <p>Question 2 (i) <u>Safeguard 1</u>: We feel that call-backs should only be done for cases concluded at roadshows. Follow-up cases closed subsequently should be excluded as they do not carry the same potential market conduct risks of sales closed at roadshow venues. <u>Safeguard 2</u>: We feel that site visits should be done on a sampling basis of 30% of all roadshows by agency corporate staff. (ii) No comments as we do not distribute General Insurance products. (iii) The 15 Controls and Safeguards are sufficient.</p> <p>Question 3</p>

S/N	Respondent	Full Responses from Respondent
		<p>(i) <u>Table 3 point (a)</u>: It is better to track based on the number of roadshows done in a quarter instead of using the number of arrangements as this is a better reflection on the actual number of roadshows and roadshow days.</p>
11	General Insurance Association of Singapore	<p>Question 1</p> <p>(i) We would like to propose that the following products be excluded from the proposed supervisory approach:</p> <ul style="list-style-type: none"> • Products which are renewable at the end of 12 months; and • Products with no investment element included. <p>(ii) We would like to propose that travel, motor, personal accident, accident and health, home and foreign domestic workers’ insurance be excluded from the proposed supervisory approach. This is because, unlike life insurance products, which are longer-tail in nature, general insurance products are risk transfer products with no investment element. The period of insurance of most general insurance products is generally a maximum of 12 months. The risk of mis-selling is therefore minimal.</p> <p>(iii) We would like to propose the exclusion of “closed-door” events from the proposed supervisory approach. This is because consumers are aware of the purpose of the event prior to attending the event. As an example, at travel fairs, consumers are aware and can expect that apart from selling of travel packages, participants at the fair are likely to market and sell products and services which travellers may incidentally need like travel insurance product.</p> <p>Question 2</p> <p>(i) <u>Safeguard 1</u>: In line with the need to be transparent, the selling of the product should not be linked to the product which the retailer is selling. This should be dealt with, in an appropriate manner as the other distribution partners. Financial advisers usually do not inform their insurer which roadshow a particular sale is from. Call-backs to customers could trigger suspicion to the customer as to whether he/she had bought the right product. This should not apply to products with no free-look period, for example, mandatory insurance like motor insurance, foreign domestic workers’ insurance and other insurance like single trip for travel insurance. Call-backs to all customers would practically be difficult. Perhaps call-backs should be restricted only to cases where there are complaints.</p>

S/N	Respondent	Full Responses from Respondent
		<p>Not all the safeguards are applicable to general insurance. For example, safeguard 1 is applicable to banks and should not be applicable to the general insurance (GI) industry. It is of low risk and there is no investment element. Moreover, not all GI products have free look.</p> <p>Enrolments done at public places are often followed up with the policy documents emailed or posted to the customers. This should be sufficient to inform the customer of the product he had purchased and give ample opportunity to cancel during the free-look period.</p> <p><u>Safeguard 2</u>: It would be difficult for insurers (which have thousands of financial advisers) to conduct mystery shopping.</p> <p><u>Safeguard 4</u>: Agents should inform their insurers if they conduct any marketing and distribution arrangements at retailers and public places.</p> <p>Where the insurer partners with another FI for marketing and distributing at retailers and public places (e.g. a bank or licensed financial adviser) and it is the latter who carries out the marketing and distribution, it should be the FI, rather than the insurer, who is to comply with Safeguards 2 and 4.</p> <p><u>Safeguard 6</u>: This seems reasonable. However, there is a need to quantify the exceptions, e.g. how 'immediate vicinity' is being defined.</p> <p><u>Safeguard 9</u>: Insurers do not report to GIA on the representatives' compliance record. Insurers can only check internally for such records.</p> <p><u>Safeguard 10</u>: Commissions are tagged to the product and not to the place it was sold.</p> <p>It may be more relevant and applicable to life, banking, finance and credit card sectors instead of the GI industry.</p> <p>General insurance products are sold on a need basis. For example, a person will not buy motor insurance if he does not own a vehicle. The only exception for GI products would be that of personal accident insurance.</p> <p>All GI products should be exempted from Safeguard 10.</p> <p><u>Safeguard 11</u>: This is not practical and would be difficult to implement or control.</p> <p>It would be difficult to control how customers view such gifts. Consumers are enticed by the freebies, which are prominently displayed. This should not dampen the entrepreneurial spirit.</p> <p><u>Safeguard 12</u>: The phrase 'adequate and conducive' is quite subjective. There is a need for a more objective guidance on this.</p> <p><u>Safeguard 14</u>: We agree with the need to inform the customer who the product suppliers and distributors are.</p> <p><u>Safeguard 15</u>: As the policy issuance is in the name of the FI, it is the FI's responsibility to clearly outline the roles and responsibilities.</p>

S/N	Respondent	Full Responses from Respondent
		<p>Any issue relating to the sale and the product is the responsibility of the FI.</p> <p>It should be made transparent to the consumers who the risk carrier is.</p> <p>There should be adequate disclosure to consumers, who will then make an informed decision before the purchase.</p> <p>We generally insist on the independence of insurers' products which retailers are selling.</p> <p>(ii)</p> <p>Safeguard 1 should not be applied to insurance products that are not required by regulations to have a free-look period (e.g. motor and travel insurance).</p> <p>Question 3</p> <p>We are concerned on the need to advise on insurers' plans to conduct marketing and distribution activities at retailers and public places 5 months in advance for the next quarter, as well as for the previous quarter. Some events are quite fluid and insurers should be able to make ad-hoc adjustments, if need be.</p> <p>Where the insurer partners with another FI for marketing and distributing at retailers and public places (e.g. a bank or licensed financial adviser) and it is the latter who carries out the marketing and distribution, it should be the FI, rather than the insurer, who is to comply with the notification requirement.</p>
12	Insurance and Financial Practitioners Association of Singapore Alliance	<p>General</p> <p>We are of the opinion that amongst the various distribution channels, roadshows at public places, including those arranged with retailers, are deemed to be misaligned with the professionalism that is desired following the outcomes of the FAIR proposals. However, we recognize the industry's need for greater outreach and that there are some practitioners who prefer and do well in this channel, and probably one of the reasons why MAS is allowing this in spite of the great number of complaints. The STAR team supports the proposed measures to mitigate the potential market conduct risks posed to consumers.</p> <p>Question 1</p> <p>(i)</p> <p>It is sufficient.</p> <p>(ii)</p> <p>It is sufficient.</p> <p>(iii)</p> <p>'Closed-door' events can be excluded.</p> <p>Question 2</p> <p>(i)</p>

S/N	Respondent	Full Responses from Respondent
		<p>We are agreeable with the 15 proposed safeguards. For safeguard 11, it will not be easily policed. The risk can, however, be mitigated if MAS specifies the cap on the value of the gift in relation to the product sold. Moreover, the gifts should not be displayed at the roadshows lest they become enticements. We propose that sales completed, say 6 months after the roadshow, be treated as normal sales without the need for FIs to conduct call-backs. Such clients would have the time to deliberate the merits of the product and the concern of “pressure” sales practice or enticement of gifts is mitigated.</p> <p>(ii) There should still be call-backs for insurance products without free-look period, in the interest of the buyers.</p> <p>(iii) We can't think of any at the moment.</p> <p>Question 3</p> <p>(i) The notification requirements are adequate.</p> <p>(ii) The reporting schedule is appropriate.</p>
13	iFAST Financial Pte Ltd	<p>Question 1</p> <p>(i) We are supportive of the idea that events classified as ‘closed-door events’ are excluded from the proposed supervisory approach. We would also like to seek clarification that events/activities for the purpose of account opening only (where there will be no provision of advisory services and no acceptance of transaction and payment) can also be excluded from the proposed supervisory approach.</p>
14	Professional Investment Advisory Services Pte Ltd	<p>Question 1 No comments.</p> <p>Question 2</p> <p>(i) May we clarify on the acceptable proximity for the term “immediate vicinity” used in Safeguard 6, when prospecting customers? In Safeguard 9, would the “good compliance record” include the Balanced Scorecard past grading results of representatives? Would a Financial Advisory Representative who is stationed at an insurance company’s Customer Service Centre for answering of customers’ enquiries be included from the proposed supervisory approach? According to the MAS Consultation Paper, a “Closed-door” event such as a seminar organised in an auditorium by invitation or subject to registration, or a workplace seminar specifically conducted for employees of an organisation will not be subject to the rules. May we clarify if a seminar organised in an auditorium that is open to</p>

S/N	Respondent	Full Responses from Respondent
		<p>public and does not require registration, would be considered as a “Closed-door” event? (ii) and (iii) No comments.</p> <p>Question 3 (i) Does MAS have to provide approval to FIs before conducting marketing and distribution activities at retailers and public places? (ii) No comments.</p>
15	Unicorn Financial Solutions Pte Limited	<p>Question 1 (iii) We would like to express that we agree in excluding ‘closed-door’ events from the proposed supervisory approach.</p>
16	Phillip Securities Pte Ltd	<p>Question 1 (i) We would like to suggest that the proposed supervisory approach be applicable to all FIs who conduct their marketing and distribution activities at retailers and public places. (ii) We have no comments. (iii) We agree that “closed-door” events should be excluded from the proposed supervisory approach as participants who register for the events are already aware of the event agenda before they attend the events.</p> <p>Question 2 (i) While it is good to have the safeguards mentioned in the paper, we note that some of these safeguards are already stipulated in existing regulations or MAS Notices/Guidelines and are standard expectations required of an FI and its representatives. For example, the requirement for Safeguard 11 is covered in para 3.3.4 of MAS FAA-G11 Guidelines on Fair Dealing and Safeguard 8 is covered under para 3.2.1 of MAS FAA-G11. We are of the view that specifying Safeguards 1, 3, 5, 7, 9 and 10 should suffice for the purpose of the Market Conduct Guidelines. As long as these basic safeguards are in place, the other safeguards would fall in place. We would also like to propose that FIs be given the flexibility in determining how the proposed safeguards should be implemented. For instance, in relation to Safeguard 1, call-backs to customers may be done on a sampling basis and for Safeguard 9, respective FIs may have their own criteria for defining ‘good compliance record’ of</p>

S/N	Respondent	Full Responses from Respondent
		<p>representatives.</p> <p>(ii) We are of the view that Safeguard 1 need not apply to insurance products that are not required by regulations to have a free-look period.</p> <p>(iii) The proposed safeguards mentioned in the paper should suffice in mitigating the potential market conduct risks.</p> <p>Question 3</p> <p>(i) We have no comments.</p> <p>(ii) It can be administratively challenging to give “pre” notification for certain ad hoc roadshows or events. We propose that FIs be given the flexibility and responsibility to self-manage the records within the firm and to be subject to on-going periodic internal/external audit reviews in this area.</p>
17	<p>Securities Association of Singapore, on behalf of:</p> <p>i. CIMB Securities (Singapore) Pte Ltd</p> <p>ii. CMC Markets Singapore</p> <p>iii. DBS Vickers Securities (S) Pte Ltd</p> <p>iv. Gain Capital Singapore</p> <p>v. IG Asia Pte Ltd</p> <p>vi. KGI Fraser Securities Pte Ltd</p> <p>vii. Lim & Tan Securities Pte Ltd</p> <p>viii. Maybank Kim Eng Securities Pte Ltd</p> <p>ix. OANDA Asia Pacific Pte Ltd</p> <p>x. OCBC Securities Pte Ltd</p> <p>xi. RHB Securities Spore Pte Ltd</p>	<p>Question 1</p> <p>(i) Member Companies are of the opinion that it should include non licensees as well.</p> <p>(ii) Yes these products should be included.</p> <p>(iii) “Closed-door” events such as Invest Fair and events organised or participated by capital markets intermediaries (CMIs) should be excluded from the proposed supervisory approach. These are registered events and are focused on investments. Participants are aware of the event’s purpose and are there expecting to learn more about financial literacy and investments. As the purpose of such financial investment events is made known to the participants who are pre-informed and likely to be more investment savvy, the potential market conduct risk is lower.</p> <p>Member Companies would like to propose the following exclusions:</p> <ul style="list-style-type: none"> • Activities which do not involve sales, transactions or payments. • Roadshows which are held, usually on small scale, to prospect for new accounts, and not to market or distribute products. These are held in private commercial offices or industrial buildings. <p>Please advise and elaborate whether the following would be considered as “closed-door”:</p> <ul style="list-style-type: none"> • Roadshow held at non-investment related convention fairs and/or exhibition e.g. IT show.

S/N	Respondent	Full Responses from Respondent
	<p>xii. Saxo Capital Markets Pte Ltd xiii. UOB Kay Hian Pte Ltd</p>	<p>Question 2 Please provide guidance on expectation of FIs' accountability and responsibility.</p> <p>(i) CMIs prospect for customers in immediate vicinity of the sales booth and are not unreasonably persistent or place undue pressure on customers. Sometimes booth sizes may not be within CMI control. As mentioned in the response to 1(iii) above, roadshows are for account opening and do not involve any sales. CMIs propose that such road shows should be excluded from the requirements. In addition, they would like to seek guidance on following:</p> <ul style="list-style-type: none"> • Can CMIs be allowed to position flyer distributors at different exits of MRT stations, malls or buildings? • Are there any guidelines on promotional campaigns? For example, if clients are rewarded in the form of vouchers or rebates on condition that they fulfil certain number of trades and transaction fees equivalent to the rewards, would that constitute as a gift? <p><u>Safeguard 6</u>: Please advise on the definition of "immediate". Does 'immediate vicinity' prohibit participants of roadshows from giving out flyers at the entrance of exhibition/convention halls or nearby areas at the roadshows, with the objective of creating awareness and drawing traffic to the roadshow?</p> <p><u>Safeguard 11</u>: This seems to contradict with the need for FIs to be clear and transparent with terms and conditions governing the eligibility of the gift. Without prominently displaying such information, FIs may not be acting in the best interest of customers.</p> <p>(ii) No comment.</p> <p>(iii) No further comment.</p> <p>Question 3 (i) CMIs will be able to supply relevant information but notification requirements would place an unnecessary burden on compliance. In some cases, for confirmed arrangements with retailers or at public places, sometimes the venue owners can only confirm the arrangement at short notice, especially for small booth spaces. Notification for such events would have to be done post-event. In relation to the proposals as set out in paragraph 3.6 of the consultation paper, appointed representatives who were found to have engaged in any of the market misconduct listed in (a)(i), whether through complaint, mystery shopping, compliance visits or internal audits, are already subject to misconduct reporting required under Notice on Reporting of Misconduct by Representatives. Member companies are of the view that the quarterly submissions</p>

S/N	Respondent	Full Responses from Respondent
		<p>can exclude information proposed in paragraphs 3.6(a) and 3.6(c).</p> <p>(ii) Member companies will provide quarterly forecast and report actual arrangements in the preceding quarter though such requirements would place an unnecessary burden on compliance. As addition or cancellation of events may be decided at short notice, the quarterly reporting requirements may not be entirely accurate as event details may be subject to change or added at the last minute. For events taking place in the following quarter, CMIs could only furnish information to the best of their ability, subject to information mentioned above.</p>
19	Investment Management Association of Singapore	<p>Question 1 (iii) We note that it is not the MAS' intention for the proposed market conduct rules to cover marketing and distribution activities at an investment seminar organised by the distributors with their product providers. The participants at such events are normally invited by the distributors and are aware that investment products may be discussed at the event. In this regard, we suggest for a clear definition of what constitutes "public places" in the rules that would be issued. For most fund management companies (FMCs) who do not market directly to the end investors, it may be common for them which co-sponsor an event, such as an investment fair (listed as an example under Roadshows in Slide 3), to have their representatives give talks on general investment concepts and market views (which are non-product specific and without mention of any products) to the public. In such circumstances, do these FMCs need to inform the MAS on such events and comply with the proposed business conduct? We also seek confirmation that self-service booths set up purely for investors to take a copy of marketing materials and/or pamphlets, without representatives from any FMCs stationed there to provide explanation or advice are not within the scope of the proposed rules. Similarly, we also request confirmation that engaging external agencies to distribute pamphlets at public places are out of the scope of this proposal.</p> <p>Question 2 (i) <u>Safeguard 1</u>: If an FMC sends a representative to speak about its funds at a distributor's sales booth at a retailer / public place and does not provide advisory services to retail investors, we would like the MAS to clarify on which party would be responsible for conducting the call-back with the customer prospected at that event. Will it be the FMC (being a CMS licence holder) or the distributor?</p>

S/N	Respondent	Full Responses from Respondent
		<p><u>Safeguard 6</u>: This safeguard requires FIs and their representatives to prospect for customers in the immediate vicinity of the FI’s sales booth. We would like to seek clarification on what is deemed “immediate vicinity”. If a sales representative engages the customer at the booth but the customer starts to move away and the sales representative follows, would this be considered a contravention of the requirement? Guidance on the definition of “immediate vicinity” would help to address potential concerns on pressure selling.</p> <p><u>Safeguard 9</u>: We would like to request for greater clarity on what is deemed as “good compliance record”.</p> <p><u>Safeguard 12</u>: We would like to respectfully ask if the MAS could provide guidance on the terms “adequate” and “conducive”.</p> <p><u>Safeguard 15</u>: We would like to clarify whether the product manufacturer would be subject to the quarterly reporting requirement and the market conduct guidelines under the following scenarios:</p> <ul style="list-style-type: none"> • Where the product manufacturer sponsors roadshows but not feature its brand name at the venue. There is no representative from the product manufacturer present. The marketing activities targeted at retail investors are conducted by the financial advisers / distributors. • If the product manufacturer is invited to the roadshow to address any specific questions relating to the fund. The market activities targeted at retail investors are conducted by the financial advisers / distributors. <p><u>Safeguard 11</u>: We would like to request for greater guidance to assess the level of influence that any gift(s) will affect the decisions of customers (e.g. value of the gift). Additionally, the safeguard requires the details of the gifts not to be prominently displayed. Does this also mean that FIs should not prominently display the eligibility conditions for the gifts? We would also like to confirm that the safeguard would apply only to marketing activities taking place at retailers and public places where FIs prospect for customers, and not advertisements displayed in public places (e.g. advertisement at MRT stations promoting a fund with a mention of lucky draw or door gift on the advertisement).</p> <p>Question 3 (i) Where an FMC sends a representative to speak about its funds at a distributor’s sales booth at a retailer / public place without providing advisory services to the retail investor, is the FMC still required to report the arrangement to MAS? Or should this be done by the distributor? In addition, the requirement to file a quarterly return to the MAS even for nil declaration creates unnecessary administrative burden</p>

S/N	Respondent	Full Responses from Respondent
		<p>on the financial institution. Moreover, we question the usefulness of such nil declarations for the MAS' supervisory purposes. To lessen the cost of compliance, we suggest that the quarterly reporting be only applicable for FIs that conducted or plan to conduct marketing and distribution arrangements at retailers and/or public places.</p> <p>To minimize the cost of compliance, we seek MAS' concurrence to also limit the proposed submission of information to FIs that have engaged in marketing and distribution activities at public places and/or retailers. In this regard, we hope the MAS will make clear in the proposed rules that the submissions will not be applicable to FIs which do not carry out such marketing and distribution activities.</p> <p>For arrangements with duration of 1 quarter or longer, we note that information would need to be submitted on: (i) any new arrangements before the commencement of such arrangements; and (ii) changes to existing arrangements. We suggest that MAS provide some examples of changes to existing arrangements which would trigger a need to notify the MAS.</p> <p>An indicator required for submission is the number of market conduct complaints received in relation to transactions or sales conducted at marketing and distribution arrangements. Is the data required based on each quarter or each year?</p> <p>In a separate earlier MAS Consultation on Draft Financial Advisers (Complaint Handling and Resolution) Regulations, dated 30 September 2013, MAS proposed regulations to facilitate a consistent and efficient complaint handling and resolution process. It also proposed that FIs report complaint data on a bi-annual basis. Given that one of the items to be reported is the number of market conduct complaints received in relation to transactions or sales conducted at marketing and distribution arrangements, we urge that the MAS streamline the reporting processes so as to avoid possible duplication.</p> <p>(ii)</p> <p>We would like to confirm whether our understanding of the reporting requirement is correct in respect of an arrangement with duration longer than 1 quarter. For instance, whether an FI with an arrangement over 3 quarters would only need to report once at the first quarter and not for subsequent second and third quarters, as long as there are no changes to the arrangement.</p> <p>Instead of quarterly reporting, we suggest that MAS set up an online portal for FIs to log any arrangements that they intend to undertake in the next one month. This will not only provide MAS with timely information, but also reduce the cost of compliance for FIs as they will only need to report if there is an impending arrangement. The FIs will also be able to retrieve a particular report to update any changes made, including cessations of arrangements.</p>

S/N	Respondent	Full Responses from Respondent
20	Allianz Global Investors Singapore Limited	<p>Question 1 (i)</p> <p>Not all holders of CMS licence perform the marketing and/or distribution of their products. Thus there should be a distinction between such licensees.</p> <p>This leads to paragraph 3.2, where the need to report by such CMS licensees would not be necessary. Would the Authority still require a Nil report every quarter by such CMS licensees?</p> <p>For example, fund managers typically appoints distributors (FA licensee) to perform the distribution function. I agree with the need for distributors to report their activities, but Fund Managers will mostly have nothing to report under this requirement.</p>
21	Consumers Association of Singapore	<p>Question 1 (iii)</p> <p>The Consumer Law Review Committee (CLRC) notes that one of the justifications provided for excluding "closed-door" events from supervision is that the market conduct risks posed by such events are not as significant given that the event participants would be fully aware of the purpose of these events when attending them. The CLRC is of the view that while the event participants may be aware of the purpose of these events, conceptually, there is nothing to prevent the FIs from marketing additional/ancillary financial products and services to the participants. Further, while the participants may be aware of such events, that by itself is not tantamount to participants consenting to other market conduct risks such as unfair sales tactics (i.e. see safeguards 5 and 6).</p> <p>Based on consumers' complaints that CASE receives, the CLRC is of the view that the risk of undue pressure being applied on the consumers significantly increases where the transaction occurs behind closed-doors. For instance, CASE regularly receives consumers' complaints pertaining to undue pressure being exerted on consumers which happen at the residence of the consumer or at the business premise.</p> <p>In view of the above, the CLRC would suggest that "closed-door" events be included in the proposed supervisory approach.</p> <p>Question 2 (i)</p> <p><u>Safeguard 1</u>: In addition to safeguard 1, the CLRC is of the view that the sale of general and accident and health insurance products, and collective investment schemes (Products) at retailers and public places may not be appropriate as consumers may not be in the right frame of mind to comprehend the nature of the transaction and the precise details of such transactions when purchasing the Products. The CLRC would therefore suggest that FIs only solicit consumers'</p>

S/N	Respondent	Full Responses from Respondent
		<p>consent to follow-up with the consumer on the sale of such Products at a more appropriate venue.</p> <p><u>Safeguard 11</u>: While the CLRC applauds the intent of safeguard 11, the CLRC is of the view that there are potential difficulties with the implementation and enforcement of the safeguard unless the objective of the gift is made clear from the start. Conceptually, by default, gifts are clearly intended to influence the consumer to purchase financial products and services. As such, on its face, where the FIs offer gifts to consumers to purchase financial products and services, the FIs may face considerable difficulties complying with the proposed safeguard and subject to the actual wording of the market conduct rules, it is likely that FIs will be in breach of safeguard 11.</p> <p>For instance, where an FI offers gift(s) to a consumer to purchase financial products and services or financial products and services of higher value, the consumer would invariably be influenced by the value of the gift in deciding whether to purchase the applicable financial products and/or services.</p> <p>The above difficulties may be reduced or avoided if the FI makes it clear that the gift is offered for agreeing to attend a consultation session. Such offer of gifts to attend a consultation session is in line with our suggestion to stop FIs from concluding sales at public places.</p>

S/N	Respondent	Full Responses from Respondent
22	CFA Society Singapore	<p>General</p> <p>Mis-selling is a perennial issue that arises from sales and distribution structures with inherent conflicts of interest that incentivise financial advisers and other representatives to put their own interests above the needs of their clients. Many retail investors also do not have the time or resources to understand the costs and fees included in the financial products they purchase. CFA Singapore Society believes that a more effective way to counter mis-selling is to focus on transparency and enhanced disclosure of fees and features in a product information document, particularly if these measures are bolstered by other initiatives like ensuring sales representatives undergo proper training. In this regard, CFA Institute has published several research reports and commentaries. We note that MAS has also implemented similar requirements under the Notice on Recommendations on Investment Products (Notice FAA-N16), MAS Guidelines on the Product Highlights Sheet (SFA 13-G10) and the Notice on Investment-Linked Policies (MAS 307).</p> <p>With the implementation of the Personal Data Protection Act and the Do Not Call Registry, telemarketing has become more costly and prohibitive. FIs may find other marketing methods, such as organising roadshows in public venues and talks at “closed-door events”, more cost-effective. Hence, we understand MAS’s concerns about potential product pushing and aggressive selling at these premises.</p> <p>We agree that most of the safeguards discussed in the consultation paper, such as ensuring that complaints are resolved and sales representatives are fit and proper, are good controls to minimise product pushing and aggressive selling. Accordingly, these controls should be applied by FIs regardless of where the marketing and distribution activity takes place.</p> <p>On a related note, we would like to seek MAS’ clarification on whether MAS has historical data on: (i) the number of people who have been sold financial products and services at public venues, and (ii) the number of people who have complained about being sold financial products and services at public venues, or have sought to cancel their purchases which they had made at public venues. Such statistics would be useful to assess the severity of the concerns highlighted in paragraph 1.2 of the Consultation Paper.</p> <p>Question 1</p> <p>We are in general agreement with the scope of the proposed supervisory approach with respect to the classes of FIs and financial products. As mentioned above, we are of the view that the proposed safeguards are applicable regardless of where marketing and distribution of financial products takes place and therefore we suggest that they be applied to “closed-door” events.</p>

S/N	Respondent	Full Responses from Respondent
		<p>Question 2</p> <p>(i) <u>Safeguard 2</u>: We would like to seek MAS' clarification if it would be issuing further guidance on how frequent mystery shopping and site visits should be conducted. <u>Safeguard 3</u>: We would like to suggest that FIs implement a proper complaints handling and dispute resolution framework to ensure that all customer complaints are followed up and escalated to the appropriate channels. <u>Safeguard 4</u>: We would like to seek MAS clarification if there would be a prescribed format on how the register would look like to ensure that FIs are tracking the arrangements in accordance with regulatory expectations. <u>Safeguard 9</u>: We would like to suggest MAS further clarify its expectations on how FIs should assess the compliance record of temporary/contract staff. <u>Safeguard 11</u>: We would like to suggest MAS give more clarity on how FIs should ensure that gifts offered do not unduly influence customers' decision to purchase financial products and services.</p> <p>(ii) We agree that Safeguard 1 can be excluded for insurance products that are not required by regulations to have a free-look period.</p> <p>(iii) We are of the view that the proposed safeguards are fairly comprehensive.</p> <p>Question 3</p> <p>(i) We would like to suggest MAS provide more clarity on whether all cases of market conduct complaints would have to be reported, including those that can be resolved within the same day.</p> <p>(ii) We do not have any comments regarding the reporting schedule of the notification requirements.</p>

S/N	Respondent	Full Responses from Respondent
23	KPMG Services Pte Ltd	<p>Question 1 (iii) We agree that the classes of financial institutions (“FIs”) and financial products stated in the public consultation are sufficient. We are also of the view that “closed-door” events should be excluded from the proposed supervisory approach.</p> <p>Question 2 (i) <u>Safeguard 3:</u> We note the need for FIs to track such complaints arising from their marketing, sales and advisory activities at retailers and public places. We would like to seek MAS’ clarification on the definition of “complaint” – does it refer to market conduct complaints as defined in Section 3.6 of the Consultation Paper or does it refer more broadly to negative feedback from (prospective) customers? <u>Safeguard 4:</u> We suggest that MAS clarify the information required to be recorded on such a register, and would like to seek clarification on whether a template would be provided to aid FIs in tracking such information. <u>Safeguard 9:</u> We agree with the need for FIs to take into account the compliance records of representatives that are to be assigned to or stationed at retailers and public places. We suggest that MAS clarify what it looks for in a “good” compliance record. Would this safeguard rule out the use of new hires or part timers who would not have a compliance record with the FI? <u>Safeguard 11:</u> We agree that investors should not be unduly influenced by gifts offered by FIs to purchase financial products and services. However, we suggest MAS clarify its expectations on how FIs should ensure that such gifts offered would not influence the decisions of the customers to purchase financial products and services in practice. For example, can FIs obtain a signed declaration from the customer that any gifts received did not influence the customer’s decision to purchase the financial product or service?</p> <p>Question 3 We suggest that MAS clarify the level of detail required for the submission of the number of locations stated in Table 3 Part (d) and Table 4 Part (c). For example, a roadshow may be held at two diagonally opposite ends of a shopping mall atrium. Would such an arrangement be counted as one location or two locations? We would like to seek MAS’ clarification if all market conduct complaints need to be reported, including complaints that can be resolved within the day and regardless of whether the complaints are verbal or written.</p>

S/N	Respondent	Full Responses from Respondent
24	Allen & Overy LLP	<p>Question 1 We seek to clarify whether the proposed supervisory approach would apply to the distribution of prospectuses for the initial public offering of shares and debentures from prospectus booths, whether they are set up in MRT stations, retail malls, hotels, or any public place. Such booths are used for the distribution of prospectuses, and the public would still need to apply for allotment of the shares. In addition, any applicant would need to have a CDP account in order to make such an application and would hence not be unfamiliar with such financial products. We would accordingly suggest that such booths fall outside the mischiefs targeted by the proposed regulatory regime, namely, confusion over the roles of the financial institution and the retailer, enticement of customers to purchase unsuitable products, or the mishandling of cash and cheques.</p> <p>Question 2 We have no comments on Question 2.</p> <p>Question 3 We have no comments on Question 3.</p>
25	Chan & Goh LLP	<p>Question 1</p> <p>(i) No comments.</p> <p>(ii) No comments</p> <p>(iii) “Closed-door” events should only be excluded from the proposed supervisory approach if they are subject to registration requirements. This is to ensure that participants of the events are fully aware of the purpose of these events and are willing to attend. Workplace seminars should not constitute “closed-door” events since there is a risk that the organisations may make it mandatory for all employees to attend such seminars even though some employees may not be interested in the products. Further, the concerns which relate to harassment and impulse purchases may similarly apply to the employees and potentially affect a sizeable number of consumers if the organisation in question is large. Products may be packaged as a “today only” or “exclusively for employees of XYZ organisation” during such “closed-door” events. Such marketing techniques will similarly expose customers to the risk of being induced to purchase unsuitable products. Alternatively, the authorities should consider treating workplace seminars as “closed-door” events only if these events are subject to registration requirements and the organisation makes it clear to its employees that attendance at such events is purely at the employees’ discretion.</p>

S/N	Respondent	Full Responses from Respondent
		<p>Question 2</p> <p>(i)</p> <p><u>Safeguard 1:</u> The authority should clarify what needs to be asked during such call-backs by the FI representatives. It is not feasible to require representatives to go through all the terms of the product previously purchased over the phone. Further, the authorities should not allow call-backs to be made close to or on the last day of the cooling-off or cancellation period given that customers may require time to re-assess their decisions following the call-back.</p> <p><u>Safeguard 6:</u> Will the term “immediate vicinity” be defined to mean a specific distance from the sales booth? Currently, it is a norm to see FIs setting up sales booth in bus interchanges and their representatives are free to roam around a large area of the bus interchange to prospect for customers. It is also subjective when the sales pitch is regarded as being “unreasonably persistent” by virtue of the fact that such sales are conducted in an open setting to the public and the FI representatives would typically employ sales tactics which attempt to stop and attract the interest of potential customers.</p> <p><u>Safeguard 7:</u> Will representatives have to furnish their names and identity card numbers or name cards prior to actually selling a product? This would ensure that unhappy customers have details for making any complaints, if so required.</p> <p><u>Safeguard 9:</u> Will representatives be banned from marketing and selling products should such representatives receive a maximum number of complaints (for example 3 per representative)?</p> <p><u>Safeguard 10:</u> If a Collective Investment Scheme (CIS) is sold via an online platform (e.g. Fundsupermart), the commission paid by the fund manager to the platform owner may be less than that paid to individual representatives of the FI selling the same fund at a physical booth. How will the manager be able to distribute via physical booths if the commission payable cannot be higher than other distribution channels (like lower-cost Internet distribution platforms)?</p> <p><u>Safeguard 11:</u> A balance should be struck between protecting the public and allowing FIs to market their products. Over-regulating the marketing approach adopted by FIs such as the use of gifts/benefits/incentives may stifle competition between the FIs and this may be disadvantageous to consumers generally. Safeguard 11 provides that FIs should ensure that any gift offered to customers by FIs and/or retailer does not influence the decisions of customers to purchase any financial products and services. How does MAS propose to distinguish whether customers have been influenced by the gifts? In promoting credit cards facilities, banks have offered various incentives such as a cash top-up (of a fixed</p>

S/N	Respondent	Full Responses from Respondent
		<p>value into the newly set-up account) or free gifts such as power-banks. Between a bank which offers a gift and a bank which does not offer any gift, a customer would naturally take up credit card facilities with the bank that provides the most freebies. In such situations, the gift clearly influenced or was a factor in the decision of the customers to set up a credit card account. This safeguard is practically difficult to enforce.</p> <p>(ii) Similar to the qualification for Safeguard 2, FIs should not be required to implement Safeguard 1 where the insurance purchased is related to the product or service the customer is buying. In these cases, the customers are generally aware of the purposes of the insurance products (e.g. motor accidents or travel emergencies) and intend to purchase such products.</p> <p>(iii) No comments.</p> <p>Question 3</p> <p>(i) No comments.</p> <p>(ii) It is not feasible to give at least 2 months' prior notice before the start of next calendar quarter because the plans between FIs and retailer may change during this period. Notifications should be made on a best-effort basis by the FIs for future marketing events and no later than the actual commencement date, apart from actual activities conducted in preceding calendar quarter.</p>
26	Andrew Chua	<p>An example of gifts being used to pressure customers into buying investment products at a roadshow is where a representative emphasises to the customer that it is the last day of the promotion period and that the customer would receive a free digital camera if he purchased a product that day. The customer may buy the product and only realise later that it did not meet his needs.</p> <p>According to MAS' Guidelines on Fair Dealing, the financial institution should not unduly influence the financial decisions of customers by offering gifts or rebates. The financial institution should also ensure that its representatives do not use aggressive sales tactics. It is important that the financial institution give customers sufficient time to understand the information provided and consider the recommendations made by its representatives.</p> <p>Most investment products require long term financial commitment and the purchase of unsuitable products by customers can be detrimental to their financial well-being.</p> <p>Currently, gifts are still being offered at roadshows for taking up policies, even though the Guidelines of Fair Dealing have been in place for more than 2 years.</p> <p>I suggest the following:</p>

S/N	Respondent	Full Responses from Respondent
		<ul style="list-style-type: none"> • Have the financial institution set up a group of independent checkers who will call the client to check that the sale was appropriate. As some agents will bypass this safeguard by declaring that the client was acquired from a different channel, a strict system has to be put in place to ensure that the safeguard is not circumvented. • Frequent checks should be conducted at roadshows to ensure that the rules are being followed. • Currently, a lot of agents are also conducting surveys at MRT stations, collecting consumers' contact details and understanding their spending habits and patterns. However, these are done under the pretext that they are only surveys. I suggest that all agents performing canvassing in public areas should carry their lanyard, so as to ensure that the interviewee would know that the agent is representing an FI and that his contact details would be collected for marketing purposes.
27	Chua Kheng Seng	<p>I totally agree with the move by MAS to enhance safeguards and controls for the sale of financial products by financial institutions (FIs) at public places and via third-party retailers.</p> <p>I will personally prefer a qualitative approach rather than quantitative approach, which means analysing in depth all sales practice of FIs at public places and third party retailers. Let me explain further.</p> <p>First of all such measures cannot be implemented at just a few known places and retailers. That will not form enough reach to create a better quality overall outcome.</p> <p>Public places should include the outside of shopping malls, the outside of bus interchanges and MRT stations, booths near CPF branches, the outside of bank and insurance company branches, the outside of hospitals, and along busy passages in the Business District. Retailers should include Courts, NTUC Fairprice, Harvey Norman, trade exhibition vendors at Expo, Suntec City Convention Centre and Marina Bay Sands Convention Centre, Singpost, SMRT, SBS Transit, and major shopping malls which rent out booths and spaces to FIs.</p> <p>I also disagree with the increased frequency of mystery shoppers as that would be a waste of resources. The quality of mystery shoppers should be enhanced; the mystery shopper cannot be just anyone hired for contract. The mystery shopper himself should be properly qualified and preferably have experience on sales and advisory of FIs' products. To be fair, third party retailers should also be monitored as some of them may also have vested interests in the form of sales commissions and/or rental income. Third party retailers provide the major source of traffic for FIs. I personally feel that any such tie ups should be first jointly approved by MAS and another independent party like CASE (e.g. In the case of shopping malls, Singpost).</p>

S/N	Respondent	Full Responses from Respondent
		<p>I also disagree with the calling up of consumers as most of the time, they would have forgotten what was actually conveyed to them and they may not understand some of the jargon used during the call-back. There will also be a risk in penalising a representative wrongly due to the consumers giving of erroneous information during the call-back.</p> <p>I suggest that a demerit point system be set up for representatives who do not follow the Market Conduct Guidelines.</p>
28	William Teo	<p>I totally agree that these financial products should not be canvassed like consumable products over the counter, such as at roadshows at MRT stations, shopping mall atriums and concourses, and by bank officers at banks. This set of rules should allow better control over marketing and distribution activities. Purchasing financial instruments should not be subject to coercion and should also not be impulsive.</p>

