

---

First published in the *Government Gazette*, Electronic Edition, on 9 March 2017 at 5 pm.

**No. S 81**

FINANCIAL ADVISERS ACT  
(CHAPTER 110)

FINANCIAL ADVISERS (REMUNERATION)  
(AMENDMENT) REGULATIONS 2017

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

**Citation and commencement**

1. These Regulations are the Financial Advisers (Remuneration) (Amendment) Regulations 2017 and come into operation on 1 April 2017.

**Amendment of regulation 2**

2. Regulation 2 of the Financial Advisers (Remuneration) Regulations 2015 (G.N. No. S 816/2015) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “accredited investor”, the following definition:

“ “additional premiums”, in relation to a relevant life policy, means premiums payable, on or after 1 April 2017, on a regular basis as required under the policy in order to increase the product features and benefits of the policy, or extend the duration of the policy, after the policy has been issued;”;

(b) by inserting, immediately after the definition of “institutional investor”, the following definitions:

“ “investment-linked policy” has the same meaning as in the First Schedule to the Insurance Act (Cap. 142);

“licensed insurer” has the same meaning as in section 1A of the Insurance Act;”;

---

(c) by inserting, immediately after the definition of “policy moneys”, the following definitions:

“ “portfolio of relevant life policies”, in relation to a relevant person, or a recipient mentioned in regulation 4, means a collection of —

(a) all relevant life policies arranged by the relevant person or the recipient (as the case may be); and

(b) any other investment product arranged by the relevant person or the recipient (as the case may be) that is included in the same collection as the relevant life policies mentioned in paragraph (a) by —

(i) the relevant person, being the financial adviser;

(ii) where the relevant person is a representative or supervisor of a financial adviser, the financial adviser; or

(iii) in the case of the recipient, the financial adviser that pays the remuneration to the recipient;

“premium payment period”, in relation to a relevant life policy, means the period during which premiums are payable under that policy;”;

(d) by inserting, immediately after the definition of “pure protection policy”, the following definition:

“ “relevant life policy” means a life policy —

(a) that is not a single premium life policy or a specified life policy; and

(b) that is issued by a licensed insurer pursuant to a proposal form submitted to the licensed insurer on or after 1 April 2017;”;

(e) by deleting the full-stop at the end of the definition of “relevant person” and substituting a semi-colon, and by inserting immediately thereafter the following definitions:

“ “single premium life policy” means a life policy —

(a) the premium of which is payable as a lump sum on or before the date of commencement of coverage under the policy; or

- 
- 
- (b) all premiums of which are payable within a period of no more than 12 months starting from the date of commencement of coverage under the policy;

“specified life policy” means a life policy in respect of which —

- (a) the policy owner is not an individual, unless the individual holds the policy in the individual’s capacity as a sole proprietor; and

- (b) there are 2 or more insured persons;

“variable income”, being income that is directly linked to the sale of a particular relevant life policy, means —

- (a) in relation to a financial adviser, any payment or remuneration payable to the financial adviser, whether on a periodic basis or otherwise, where the financial adviser’s entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference only to one or more of the following factors:

- (i) the total number or total value of all investment products in relation to which the financial adviser provided financial advisory services to the financial adviser’s clients;
- (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
- (iii) the total amount of remuneration payable to the financial adviser by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;

- 
- 
- (b) in relation to a representative of a financial adviser, any payment or remuneration payable to the representative, whether on a periodic basis or otherwise, where the representative's entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference only to one or more of the following factors:
- (i) the total number or total value of all investment products in relation to which the representative provided financial advisory services to the financial adviser's clients;
  - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the representative;
  - (iii) the total amount of remuneration payable to the representative by the financial adviser in connection with financial advisory services provided by the representative to the financial adviser's clients;
  - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the representative; and
- (c) in relation to a supervisor of a financial adviser, any payment or remuneration payable to the supervisor, whether on a periodic basis or otherwise, where the supervisor's entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference only to one or more of the following factors:

- (i) the total number or total value of all investment products in relation to which one or more representatives of the financial adviser under the direct or indirect supervision or management of the supervisor (*R*) provided financial advisory services to the financial adviser's clients;
- (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by *R*;
- (iii) the total amount of remuneration payable to *R* by the financial adviser in connection with financial advisory services provided by *R* to the financial adviser's clients;
- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by *R*;

“variable income”, being income that is not directly linked to the sale of a particular relevant life policy, means —

- (a) in relation to a financial adviser, any payment or remuneration payable to the financial adviser, whether on a periodic basis or otherwise, where the financial adviser's entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference to one or more of the following factors, whether or not together with any other factor:
  - (i) the total number or total value of all investment products in relation to which the financial adviser provided financial advisory services to the financial adviser's clients;

- 
- 
- (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;
  - (iii) the total amount of remuneration payable to the financial adviser by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;
  - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the financial adviser;
- (b) in relation to a representative of a financial adviser, any payment or remuneration payable to the representative, whether on a periodic basis or otherwise, where the representative's entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference to one or more of the following factors, whether or not together with any other factor:
- (i) the total number or total value of all investment products in relation to which the representative provided financial advisory services to the financial adviser's clients;
  - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the representative;
  - (iii) the total amount of remuneration payable to the representative by the financial adviser in connection with financial advisory services provided by the representative to the financial adviser's clients;

- 
- 
- (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the representative; and
  - (c) in relation to a supervisor of a financial adviser, any payment or remuneration payable to the supervisor, whether on a periodic basis or otherwise, where the supervisor's entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference to one or more of the following factors, whether or not together with any other factor:
    - (i) the total number or total value of all investment products in relation to which one or more representatives of the financial adviser under the direct or indirect supervision or management of the supervisor (*R*) provided financial advisory services to the financial adviser's clients;
    - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by *R*;
    - (iii) the total amount of remuneration payable to *R* by the financial adviser in connection with financial advisory services provided by *R* to the financial adviser's clients;
    - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by *R*."; and

- 
- 
- (f) by renumbering the regulation as paragraph (1) of that regulation, and by inserting immediately thereafter the following paragraph:

“(2) In these Regulations, income is directly linked to the sale of a particular relevant life policy if the income is payable on the sale of that policy.”.

### **Amendment of regulation 3**

- 3.** Regulation 3 of the principal Regulations is amended —

- (a) by inserting, immediately after the words “investment product” in paragraph (1)(a), the words “, other than a relevant life policy”;
- (b) by inserting, immediately after the words “investment product” in paragraph (1)(b), the words “, other than a relevant life policy,”;
- (c) by inserting, immediately after paragraph (1), the following paragraph:

“(1A) For the purposes of section 22A(1) of the Act, a relevant person must not request or demand payment of, or accept any remuneration, in relation to —

- (a) the provision of a financial advisory service in connection with a relevant life policy; or
- (b) the sale of a relevant life policy following the provision of a financial advisory service,

except in accordance with paragraph (2), (3), (4) or (6).”;

- (d) by deleting paragraph (2) and substituting the following paragraph:

“(2) A relevant person may request or demand payment, or accept remuneration, mentioned in paragraph (1) or (1A) if —

- (a) where the relevant person is a financial adviser, the relevant person is —

- (i) exempt under section 23(1)(ea) or (f) of the Act from holding a financial adviser’s licence; or



- (ii) exempt under section 100(2) of the Act from sections 25, 27, 28 and 36 of the Act, and is not subject to any of the following written directions issued by the Authority under section 58 of the Act:
  - (A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);
  - (B) Notice on Appointment and Use of Introdurers by Financial Advisers (Notice No. FAA-N02);
  - (C) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);
  - (D) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13);
- (b) where the relevant person is a representative of a financial adviser —
  - (i) the financial adviser is exempt under section 23(1)(*ea*) or (*f*) of the Act from holding a financial adviser's licence; or
  - (ii) the representative is exempt under section 100(2) of the Act from sections 25, 27, 28 and 36 of the Act, and is not subject to any of the following written directions issued by the Authority under section 58 of the Act:
    - (A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);
    - (B) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);

- 
- 
- (C) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13); or
- (c) where the relevant person is a supervisor of a financial adviser, the financial adviser is —
- (i) exempt under section 23(1)(*ea*) or (*f*) of the Act from holding a financial adviser’s licence; or
  - (ii) exempt under section 100(2) of the Act from sections 25, 27, 28 and 36 of the Act, and is not subject to any of the following written directions issued by the Authority under section 58 of the Act:
    - (A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);
    - (B) Notice on Appointment and Use of Introdurers by Financial Advisers (Notice No. FAA-N02);
    - (C) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);
    - (D) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13).”;
- (e) by deleting the words “Any relevant person may request or demand such payment, or accept such remuneration,” in paragraphs (3) and (4) and substituting in each case the words “A relevant person may request or demand payment, or accept remuneration, mentioned in paragraph (1) or (1A)”;

- 
- 
- (f) by deleting the words “Any relevant person may, in relation to paragraph (1)(b), request or demand such payment, or accept such remuneration,” in paragraph (5) and substituting the words “A relevant person may request or demand payment, or accept remuneration, in relation to the sale of any type of investment product mentioned in paragraph (1)(b)”;
- (g) by deleting the words “one year after” in paragraph (5)(a) and substituting the words “12 months starting from”; and
- (h) by inserting, immediately after paragraph (5), the following paragraphs:
- “(6) A relevant person may request or demand payment, or accept remuneration, in relation to the sale of a relevant life policy mentioned in paragraph (1A)(b) if —
- (a) any of the following is satisfied:
- (i) the sale is made pursuant to an agreement under which the relevant person is entitled, for a continuous period of at least 12 months starting from the date the agreement becomes effective, to the payment or remuneration for the sale of the relevant life policy, and the policy comes within any of the categories in items 11 to 17 of the Schedule;
- (ii) the sale is made pursuant to an agreement for the sale of investment products within 2 or more categories listed in the Schedule, and the relevant life policy comes within any of the categories in items 11 to 17 of the Schedule;
- (iii) the relevant life policy is a pure protection policy; and
- (b) where the payment or remuneration consists of variable income, all the conditions in paragraph (7) or (8) (whichever is applicable) are satisfied.

---

---

(7) Where the payment or remuneration consists of variable income that is directly linked to the sale of a particular relevant life policy, the conditions mentioned in paragraph (6)(b) are —

- (a) the payment or remuneration is monetary in nature;
- (b) the relevant person's entitlement to be paid the payment or remuneration is dependent only on either or both of the following factors:
  - (i) the issue of the relevant life policy by the licensed insurer concerned and the making of the first payment of premiums to the licensed insurer for that policy;
  - (ii) the making of the first payment of additional premiums in respect of the relevant life policy;
- (c) the payment or remuneration is payable to the relevant person —
  - (i) over a period of at least 6 years starting from the date the relevant life policy is issued; or
  - (ii) over a period that covers at least the premium payment period of the relevant life policy, if the premium payment period is less than 6 years starting from the date the relevant life policy is issued;
- (d) the total payment or remuneration payable to the relevant person in respect of the sale of the relevant life policy, during the period of 12 months starting from the later of the following, does not exceed 55% of the total payment or remuneration payable to the relevant person in respect of the sale:
  - (i) the date the relevant life policy is issued;
  - (ii) the date the premium payment period of the relevant life policy commences;

- 
- 
- (e) where additional premiums are payable under the relevant life policy, the payment or remuneration in respect of those additional premiums is payable to the relevant person —
    - (i) over a period of at least 6 years starting from the date the first payment of the additional premiums is made to the licensed insurer; or
    - (ii) over a period that covers at least the period that those additional premiums are payable, if the second-mentioned period is less than 6 years starting from the date the first payment of the additional premiums is made to the licensed insurer;
  - (f) where additional premiums are payable under the relevant life policy, the total payment or remuneration payable to the relevant person in respect of those additional premiums, during the period of 12 months starting from the date the first payment of additional premiums is made to the licensed insurer, does not exceed 55% of the total payment or remuneration payable to the relevant person in respect of those additional premiums;
  - (g) the payment or remuneration is payable at least once every year in the period mentioned in sub-paragraph (c) or (e) (whichever is applicable); and
  - (h) where the relevant life policy is an investment-linked policy and the net asset value of its underlying fund or funds is used to compute the total payment or remuneration payable, an investment rate of return of 0% over the entire policy term is used.

---

---

(8) Where the payment or remuneration consists of variable income that is not directly linked to the sale of a particular relevant life policy, the conditions mentioned in paragraph (6)(b) are —

- (a) the payment or remuneration is monetary in nature;
- (b) the payment or remuneration is in respect of a portfolio of relevant life policies and is payable to the relevant person over a period of at least 5 years starting from the date the first payment of the payment or remuneration (or any part of it) is made to the relevant person;
- (c) the total payment or remuneration in respect of the portfolio of relevant life policies that is payable to the relevant person, during the period of 12 months starting from the date the first payment of the payment or remuneration (or any part of it) is made to the relevant person, does not exceed 55% of the total amount of the payment or remuneration that is payable to the relevant person in respect of the portfolio of relevant life policies;
- (d) the payment or remuneration is payable at least once every year in the period mentioned in sub-paragraph (b); and
- (e) where the relevant life policy is an investment-linked policy and the net asset value of its underlying fund or funds is used to compute the total payment or remuneration payable, an investment rate of return of 0% over the entire policy term is used.”.

#### **Amendment of regulation 4**

**4.** Regulation 4 of the principal Regulations is amended —

- (a) by inserting, immediately after the words “investment product” in paragraph (1)(a), the words “, other than a relevant life policy”;
- (b) by inserting, immediately after the words “investment product” in paragraph (1)(b), the words “, other than a relevant life policy,”;

---

(c) by inserting, immediately after paragraph (1), the following paragraph:

“(1A) For the purposes of section 22A(2) of the Act, *X* must not pay the recipient any remuneration in relation to —

(a) the provision of a financial advisory service in connection with a relevant life policy; or

(b) the sale of a relevant life policy following the provision of a financial advisory service,

except in accordance with paragraph (2), (3), (4) or (6).”;

(d) by deleting paragraph (2) and substituting the following paragraph:

“(2) *X* may pay a recipient remuneration mentioned in paragraph (1) or (1A) if —

(a) where the recipient is *Y*, the recipient is —

(i) exempt under section 23(1)(*ea*) or (*f*) of the Act from holding a financial adviser’s licence; or

(ii) exempt under section 100(2) of the Act from sections 25, 27, 28 and 36 of the Act, and is not subject to any of the following directions issued by the Authority under section 58 of the Act:

(A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);

(B) Notice on Appointment and Use of Introducers by Financial Advisers (Notice No. FAA-N02);

(C) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);

(D) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13);

- 
- 
- (b) where the recipient is a representative of *X* or a representative of *Y* —
- (i) *X* or *Y* (as the case may be) is exempt under section 23(1)(*ea*) or (*f*) of the Act from holding a financial adviser’s licence; or
  - (ii) the recipient is exempt under section 100(2) of the Act from sections 25, 27, 28 and 36 of the Act, and is not subject to any of the following written directions issued by the Authority under section 58 of the Act:
    - (A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);
    - (B) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);
    - (C) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13); or
- (c) where the recipient is a supervisor of *X* or a supervisor of *Y*, *X* or *Y* (as the case may be) is —
- (i) exempt under section 23(1)(*ea*) or (*f*) of the Act from holding a financial adviser’s licence; or
  - (ii) exempt under section 100(2) of the Act from sections 25, 27, 28 and 36 of the Act, and is not subject to any of the following written directions issued by the Authority under section 58 of the Act:
    - (A) Notice on Recommendations on Investment Products (Notice No. FAA-N16);



- 
- 
- (B) Notice on Appointment and Use of Introducers by Financial Advisers (Notice No. FAA-N02);
  - (C) Notice on Information to Clients and Product Information Disclosure (Notice No. FAA-N03);
  - (D) Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers (Notice No. FAA-N13).”;
- (e) by deleting the words “such remuneration” in paragraphs (3) and (4) and substituting in each case the words “remuneration mentioned in paragraph (1) or (1A)”;
- (f) by deleting the words “*X* may, in relation to paragraph (1)(b), pay a recipient such remuneration” in paragraph (5) and substituting the words “*X* may pay a recipient remuneration in relation to the sale of any type of investment product mentioned in paragraph (1)(b)”;
- (g) by deleting the words “one year after” in paragraph (5)(a) and substituting the words “12 months starting from”;
- (h) by inserting, immediately after paragraph (5), the following paragraphs:
- “(6) *X* may pay a recipient remuneration in relation to the sale of a relevant life policy mentioned in paragraph (1A)(b), if —
- (a) any of the following is satisfied:
    - (i) the sale is made pursuant to an agreement under which the recipient is entitled, for a continuous period of at least 12 months starting from the date the agreement becomes effective, to the remuneration for the sale of the relevant life policy, and the policy comes within any of the categories in items 11 to 17 of the Schedule;

- 
- 
- (ii) the sale is made pursuant to an agreement for the sale of investment products within 2 or more categories listed in the Schedule, and the relevant life policy comes within any of the categories in items 11 to 17 of the Schedule;
    - (iii) the relevant life policy is a pure protection policy; and
  - (b) where the remuneration consists of variable income, all the conditions in paragraph (7) or (8) (whichever is applicable) are satisfied.
- (7) Where the remuneration consists of variable income that is directly linked to the sale of a particular relevant life policy, the conditions mentioned in paragraph (6)(b) are —
- (a) the remuneration is monetary in nature;
  - (b) the recipient's entitlement to be paid the remuneration is dependent only on either or both of the following factors:
    - (i) the issue of the relevant life policy by the licensed insurer concerned and the making of the first payment of premiums to the licensed insurer for that policy;
    - (ii) the making of the first payment of additional premiums in respect of the relevant life policy;
  - (c) the remuneration is payable to the recipient —
    - (i) over a period of at least 6 years starting from the date the relevant life policy is issued; or
    - (ii) over a period that covers at least the premium payment period of the relevant life policy, if the premium payment period is less than 6 years starting from the date the relevant life policy is issued;

- 
- 
- (d) the total remuneration payable to the recipient in respect of the sale of the relevant life policy, during the period of 12 months starting from the later of the following, does not exceed 55% of the total remuneration payable to the recipient in respect of the sale:
    - (i) the date the relevant life policy is issued;
    - (ii) the date the premium payment period of the relevant life policy commences;
  - (e) where additional premiums are payable under the relevant life policy, the remuneration in respect of those additional premiums is payable to the recipient —
    - (i) over a period of at least 6 years starting from the date the first payment of the additional premiums is made to the licensed insurer; or
    - (ii) over a period that covers at least the period that the additional premiums are payable, if the second-mentioned period is less than 6 years starting from the date the first payment of the additional premiums is made to the licensed insurer;
  - (f) where additional premiums are payable under the relevant life policy, the total remuneration payable to the recipient in respect of those additional premiums, during the period of 12 months starting from the date the first payment of the additional premiums is made to the licensed insurer, does not exceed 55% of the total remuneration payable to the recipient in respect of those additional premiums;
  - (g) the remuneration is payable at least once every year in the period mentioned in sub-paragraph (c) or (e) (whichever is applicable); and

---

---

(h) where the relevant life policy is an investment-linked policy and the net asset value of the underlying fund or funds of the policy is used to compute the total remuneration payable, an investment rate of return of 0% over the entire policy term is used.

(8) Where the remuneration consists of variable income that is not directly linked to the sale of a particular relevant life policy, the conditions mentioned in paragraph (6)(b) are —

- (a) the remuneration is monetary in nature;
- (b) the remuneration is in respect of a portfolio of relevant life policies and is payable to the recipient over a period of at least 5 years starting from the date the first payment of the remuneration (or any part of it) is made to the recipient;
- (c) the total remuneration in respect of the portfolio of relevant life policies that is payable to the recipient, during the period of 12 months starting from the date the first payment of the remuneration (or any part of it) is made to the recipient, does not exceed 55% of the total amount of the remuneration that is payable to the recipient in respect of the portfolio of relevant life policies;
- (d) the remuneration is payable at least once every year in the period mentioned in sub-paragraph (b); and
- (e) where the relevant life policy is an investment-linked policy and the net asset value of the underlying fund or funds of the policy is used to compute the total remuneration payable, an investment rate of return of 0% over the entire policy term is used.”.

Made on 3 March 2017.

RAVI MENON  
*Managing Director,*  
*Monetary Authority of Singapore.*