

CONSULTATION PAPER

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# Proposed Amendments to the Financial Advisers Regulations

MAS

Monetary Authority of Singapore

## **DRAFT AMENDMENTS TO THE FINANCIAL ADVISERS REGULATIONS**

In March 2009, MAS issued the Policy Consultation Paper on the Review of the Regulatory Regime Governing the Sale and Marketing of Unlisted Investment Products to propose enhancements to the regulatory framework for unlisted investment products. The proposals focused on promoting effective disclosure by improving the quality of information available to investors, strengthening fair dealing in the sale and advisory process and enhancing MAS' powers under the Financial Advisers Act.

2 MAS announced that it would proceed to implement some of the proposals as set out in the first part of its response paper to the feedback on 8 September 2009 and the second part of its response to the feedback on 28 January 2010.

3 MAS is now consulting on the amendments to the Financial Advisers Regulations to prohibit bank tellers from referring customers to representatives for the purchase of investment products. This is to achieve clearer segregation between traditional teller transactions and investment product sales activities. Tellers will be allowed to refer clients to representatives only when this is done pursuant to an express request by the client for information on investment products.

4 New provisions will also be introduced to require financial advisers to carry out a due diligence exercise to ascertain whether any new product is suitable for the financial advisers' targeted clients before offering the new product to any client. This due diligence exercise will have to be formally approved by every member of the senior management of the financial adviser. The financial adviser will have to maintain records of the due diligence exercise and the approval from senior management.

5 In practice, banks are already voluntarily complying with these two proposals<sup>1</sup>. The amendments to the Financial Advisers Regulations will give the proposals the force of law.

### **INVITATION FOR COMMENTS**

6 MAS would like to invite interested parties to give their comments and feedback on the proposed amendments to the Financial Advisers Regulations at **Annex 1**. Comments and feedback on the draft regulations may be sent to:

Market Conduct Policy Division  
Capital Markets Department  
Monetary Authority of Singapore  
10 Shenton Way  
MAS Building  
Singapore 079117

Email: SF\_FA\_Regs@mas.gov.sg  
Fax: (65) 6225-4063

MAS requests that all comments and feedback be submitted by 26 November 2010.

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<sup>1</sup> In its press release of 7 July 2009, The Association of Banks in Singapore announced that its member banks have agreed that they will prohibit bank tellers at bank branches from referring customers to representatives for the purchase of investment products and that they will enhance their due diligence for new products.



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