Monetary Authority of Singapore

FINANCIAL ADVISERS ACT 2001

NOTICE ON REPORTING OF MISCONDUCT OF REPRESENTATIVES BY FINANCIAL ADVISERS

Notice No : FAA-N14

Issue Date : 26 November 2010 (Last revised on 24 January 2025)

NOTICE ON REPORTING OF MISCONDUCT OF REPRESENTATIVES BY FINANCIAL ADVISERS

Introduction

1 This Notice is issued pursuant to section 67 of the Financial Advisers Act 2001 ["the Act"]. Notice No. FAA-N09 issued on 1 July 2005 is cancelled with effect from 1 January 2011.

[FAA-N14 (Amendment) 2025]

2 This Notice shall apply to all licensed financial advisers and persons who are exempt from holding a financial adviser's licence under section 20(1)(a) to (e) of the Act. It sets out the responsibilities and reporting requirements of financial advisers for the misconduct of their representatives.

[FAA-N14 (Amendment) 2025]

Definitions

3 For the purposes of this Notice —

"designated investment product" has the same meaning as in section 34(7) of the Act;

"financial adviser" means a licensed financial adviser or a person exempt from holding a financial adviser's licence under section 20(1)(a) to (e) of the Act;

"financial advisory service" has the same meaning as in section 2(1) of the Act;

"principal" has the same meaning as in section 2(1) of the Act;

"representative" has the same meaning as in section 2(1) of the Act.

[FAA-N14 (Amendment) 2025]

Report on Misconduct of Representative

4 A financial adviser shall report to the Monetary Authority of Singapore [the "Authority"], in the manner specified in paragraph 6, upon discovery of any of the following types of misconduct committed by itsrepresentatives —

(a) Acts Involving Fraud, Dishonesty or Other Offences of a Similar Nature: cases where the financial adviser has reason to suspect that its representative has committed any offence involving cheating, dishonesty, fraud, forgery, misappropriation of monies or criminal breach of trust. For such cases, the financial adviser is expected to lodge a police report and submit to the Authority a copy of the police report, together with information (where available) relating to —

(i) the name of the police officer investigating the case; and

(ii) an update on the progress of the police investigation and result of the criminal proceeding (if any).

Where a financial adviser has not lodged a police report, it should notify the Authority of the reasons for its decision;

(b) Acts Involving Inappropriate Advice, Misrepresentation or Inadequate Disclosure of Information: cases where its representative —

(i) made a recommendation to a client without due consideration as to his investment objectives, financial situation or particular needs;

(ii) made a deceptive, false or misleading statement to aclient; or

(iii) failed to disclose to a client all material information relating to any designated investment product recommended by him, as specified in Notice No. FAA-N03, Notice on Information to Clients and Product Information Disclosure;

(c) Failure to Satisfy the Guidelines on Fit and Proper Criteria ["Guideline No. FSG-G01"]: cases where its representative failed to satisfy the fit and proper criteria set out in Guideline No. FSG-G01; and

(d) Other Misconduct: any type of misconduct other than those set out in sub-paragraphs (a) to (c), resulting in —

(i) a non-compliance with any regulatory requirement relating to the provision of any financial advisory service under the Act; or

(ii) a serious breach of the financial adviser's internal policy or code of conduct which would render the representative liable to demotion, suspension or termination of the representative's employment or arrangement with the financial adviser.

5 A financial adviser shall also report to the Authority, in the manner specified in paragraph 6, any type of misconduct set out in paragraph 4 that is committed by any of its representatives who has ceased to be a representative of the financial adviser before the misconduct was discovered, or before disciplinary action has been decided upon or taken.

6 Where a misconduct has been committed for which the financial adviser is required to report to the Authority in accordance with paragraph 4 or 5, the financial adviser shall submit to the Authority the relevant information in the form set out at Appendix 1 ["Misconduct Report"] not later than 14 days after the discovery of the misconduct by the financial adviser. The Misconduct Report shall be lodged by the financial adviser through MASNET.

7 A financial adviser shall ensure that its appointed representatives meet continuing education requirements as part of the fit and proper requirements. However, the financial adviser is not required to lodge a Misconduct Report against its representatives for failing to meet the continuing education requirements.

Update on Report of Misconduct of Representative

8 In addition to the Misconduct Report to be submitted in accordance with paragraph 6, where a financial adviser has not concluded its investigation or has not taken any disciplinary action against the representative concerned, the financial adviser shall submit to the Authority, a report in the form set out at Appendix 2 ["Update Report"], to provide an update of the case as and when there is any significant development. The Update Report shall be lodged by the financial adviser through MASNET.

Annual Declaration

9 If there is no Misconduct Report for which a financial adviser is required to report under paragraph 6 for any calendar year, the financial adviser shall submit to the Authority a declaration in the form set out at Appendix 3 not later than 14 days after 31 December of that calendar year. Appendix 3 shall be lodged by the financial adviser through MASNET.

Investigations

10 For the purpose of complying with the requirements set out in paragraphs 4 to 6 and 8, a financial adviser is expected to conduct internal investigations and keep proper records of the following —

(a) a summary of the facts of the case;

(b) interviews with relevant parties such as the representative, his supervisor and the client;

(c) documentary evidence of the alleged misconduct;

(d) the investigator's assessment and recommendation; and

(e) disciplinary action taken against the representative, if any.

11 Where an investigation has been carried out by a financial adviser in respect of any misconduct committed by any of its representatives, the

financial adviser shall, at the request of the Authority, furnish the records set out in paragraph 10 to the Authority.

Disciplinary Action

12 A financial adviser is responsible for the conduct of its representatives. It should take appropriate disciplinary action against its representatives for any misconduct committed by them in relation to the provision of any financial advisory service and ensure consistency in its application of disciplinary action.

13 The type of disciplinary action that a financial adviser may take against its representatives in respect of any misconduct committed depends on the severity of the case and includes, but is not limited to, any one or more of the following —

(a) suspension from providing any financial advisory service;

(b) restitution of misappropriated monies;

(c) fine;

(d) formal warning;

(e) demotion; and

(f) termination of the representative's employment or arrangement with the financial adviser.

14 A financial adviser should have an internal process for addressing the appeals made by its representatives for any disciplinary action taken against them.

Use of Information in Report

15 The Authority may take into account any information contained in any report that is submitted by a financial adviser under this Notice in exercising its powers or performing its functions under the Act.

16 This Notice shall take effect on 1 January 2011.

Note:

Under section 67(5) of the Act, any person who fails to comply with any requirement specified in a written direction issued by the Authority under section 67(1) of the Act (which would include this Notice), shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $25,000 and, in the case of a continuing offence, to a further fine not exceeding $2,500 for every day or part of a day during which the offence continues after conviction.

[FAA-N14 (Amendment) 2025]

*Notes on History of Amendments:

1. FAA-N14 (Amendment) 2025 with effect from 24 January 2025

Appendix 1

REPORT ON MISCONDUCT OF REPRESENTATIVE

This misconduct report is being submitted under:
Notice FAA-N14 under the Financial Advisers Act 2001

1 Identification Details

1.1 Name as reflected in NRIC or passport

1.2 Representative number

If the representative does not have a representative number, please complete item 1.3 below.

1.3 (a) Date of Birth (DD/MM/YYYY)

1.3 (b) Gender ❑Male
❑Female

1.3 (c) Nationality ❑Singapore Citizen
❑Singapore PR. Please specify country:
❑Others. Please specify country:

1.3 (d)(i) NRIC No.
(For Singapore citizen and Singapore PR)
or

(ii) Foreign Identification Number
(For employment pass or work-permit holders)
or

(iii) Passport Number
(For non-Singapore citizen and non-Singapore PR)

2 Information on Misconduct

2.1 Please select the type(s) of misconduct that has been committed by the representative (you may select more than one option):

- ❑ Acts involving fraud, dishonesty or other offences of a similar nature
- ❑ Failure to satisfy the Guidelines on Fit and Proper Criteria [Guideline No. FSG-G01]
- ❑ Acts involving inappropriate advice, misrepresentation or inadequate disclosure of information
- ❑ Other misconduct

2.2 Period of Misconduct (Please be as precise as possible.)

2.3 Has the company concluded its investigation?

❑ Yes (Please attach investigation report(s).)

If the answer is "Yes", has the company taken disciplinary action against the individual?

❑ Yes (Please provide details at 2.4.)

❑ No (Please update the information when the disciplinary action has been taken.)

❑ Not applicable because the company has decided not to take disciplinary action against the individual for this case.

❑ No (Please submit the Update Report when there is any significant development as well as at conclusion of the investigation.)

2.4 Summary of the Misconduct

Where possible, please include information on:

a. circumstances under which the misconduct was discovered;
b. the number of clients affected;
c. the monetary amounts involved;
d. whether the individual was cooperative during the investigation process, and
e. the type of disciplinary action taken against the individual.

Where available, please attach supporting documents such as written and signed statements, investigation reports and police reports.

3 Declaration

This report is submitted on behalf of _____ (name of principal) by _____ (name of director/principal officer/ chief executive officer) who certifies that the information contained in the above report is to the best of _____ (name of principal)'s knowledge and belief true and correct.

4 Confirmation

_____ (name of principal) and director/principal officer/chief executive officer named in the declaration is aware of its/his/her duty to not provide false information to the Authority as set out in section 114 of the Financial Advisers Act 2001. The provision of information to the Authority that is false or misleading, or the signing of any document lodged with the Authority that is false or misleading, may constitute an offence under section 114 of the Financial Advisers Act 2001.

Signature: _____

Date: _____

Appendix 2

UPDATE ON REPORT OF MISCONDUCT OF REPRESENTATIVE

This misconduct report is being submitted under:
Notice FAA-N14 under the Financial Advisers Act 2001

1 Identification Details

1.1 Name as reflected in NRIC or passport

1.2 Representative number

If the representative does not have a representative number, please complete item 1.3 below.

1.3 (a) Date of Birth (DD/MM/YYYY)

1.3 (b) Gender
- ❑ Male
- ❑ Female

1.3 (c) Nationality
- ❑ Singapore Citizen
- ❑ Singapore PR. Please specify country:
- ❑ Others. Please specify country:

1.3 (d)(i) NRIC No.
(For Singapore citizen and Singapore PR)
or

(ii) Foreign Identification Number
(For employment pass or work-permit holders)
or

(iii) Passport Number
(For non-Singapore citizen and non-Singapore PR)

2 Information on Misconduct

2.1 Please select the type(s) of misconduct that has been committed by the representative (you may select more than one option):

- ❑ Acts involving fraud, dishonesty or other offences of a similar nature
- ❑ Failure to satisfy the Guidelines on Fit and Proper Criteria [Guideline No. FSG-G01]
- ❑ Acts involving inappropriate advice, misrepresentation or inadequate disclosure of information
- ❑ Other misconduct

2.2 Period of Misconduct (Please be as precise as possible.)

2.3 Has the company concluded its investigation?

❑ Yes (Please attach investigation report(s).)

If the answer is "Yes", has the company taken disciplinary action against the individual?

❑ Yes (Please provide details at 2.4.)

❑ No (Please update the information when the disciplinary action has been taken.)

❑ Not applicable because the company has decided not to take disciplinary action against the individual for this case.

❑ No (Please submit the Update Report when there is any significant development as well as at conclusion of the investigation.)

2.4 Summary of the Misconduct

Where possible, please include information on:

a. circumstances under which the misconduct was discovered;
b. the number of clients affected;
c. the monetary amounts involved;
d. whether the individual was cooperative during the investigation process, and
e. the type of disciplinary action taken against the individual.

Where available, please attach supporting documents like written and signed statements, investigation reports and police reports.

3 Declaration

This report is submitted on behalf of _____ (name of principal) by _____ (name of director/principal officer/ chief executive officer) who certifies that the information contained in the above report is to the best of _____ (name of principal)'s knowledge and belief true and correct.

4 Confirmation

_____ (name of principal) and director/principal officer/chief executive officer named in the declaration is aware of its/his/her duty to not provide false information to the Authority as set out in section 114 of the Financial Advisers Act 2001. The provision of information to the Authority that is false or misleading, or the signing of any document lodged with the Authority that is false or misleading, may constitute an offence under section 114 of the Financial Advisers Act 2001.

Signature: _____

Date: _____

Appendix 3

DECLARATION OF NIL RETURN OF MISCONDUCT OF REPRESENTATIVES

This misconduct report is being submitted under:
Notice FAA-N14 under the Financial Advisers Act 2001

1 Declaration

I hereby declare that _____ (name of principal) has no misconduct for which it is required to report under paragraph 6 of FAA-N14 Notice on Reporting of Misconduct of Representatives by Financial Advisers for the calendar year ended 31 December _____.

2 Confirmation

_____ (name of principal) and director/principal officer/chief executive officer named in the declaration is aware of its/his/her duty to not provide false information to the Authority as set out in section 114 of the Financial Advisers Act 2001. The provision of information to the Authority that is false or misleading, or the signing of any document lodged with the Authority that is false or misleading, may constitute an offence under section 114 of the Financial Advisers Act 2001.

Details of Reporting Officer

Reporting Officer Name :

Designation :

Signature :

Date :