

| | Non-sales KPI 1: Understanding a client's needs | Cat 1 infractions |
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| KPI 1 | <p>A. Rep did not take reasonable steps to conduct sufficient fact-find to understand the circumstances and needs of his clients/</p> <p>Rep did not take reasonable steps to collect all pertinent information from the client and correctly documented all the information.</p> | <ol style="list-style-type: none"> 1. A representative did not conduct the CKA on a client and the client did not have the knowledge and experience to understand the risks and features of a SIP, but the SIP was recommended to the client nonetheless. 2. Rep failed to collect information on a client's source of income/ employment details in the fact-find form. Rep sold regular UT to the client which required the client to contribute a fixed amount for a minimum of 12 months. In fact, the client is a retiree with no regular source of income. 3. A client took up a mortgage loan with the bank. During the presentation, the rep recommended a MRTA policy to the client without finding out from the client if he already has a term insurance policy which can provide adequate coverage for the tenor of the mortgage loan. In actual fact, the client did not need to purchase the MRTA policy, thus it has materially impacted on the client's interest. |
| | <p>B. Rep conducted the fact-find with the client after giving advice or making a recommendation.</p> | <ol style="list-style-type: none"> 1. Rep recommended an investment product to a client before collecting pertinent information from the client on his profile, risk appetite and financial objectives. As a result, the investment product recommended by the rep to the client does not meet the risk appetite, financial objectives or particular needs of the client, which has a material and financial impact on client. |

| | Non-sales KPI 2: Suitability of product recommendations | Cat 1 infractions |
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| KPI 2 | <p>A. Rep did not have a reasonable basis for any recommendation made to the client and did not take into account the client's financial objectives, investment horizon, risk profile, financial situation and particular circumstances and needs.</p> | <ol style="list-style-type: none"> 1. Client requested Rep to recommend an investment product that is capital guaranteed as he did not wish to risk losing his retirement savings. However, the rep recommended and sold a non-capital guaranteed investment product to the client. 2. Rep identified a client's need for high protection coverage. However, the rep recommended an investment product to the client which did not have any protection coverage. The rep did not provide any justification for recommending an investment product that did not address the client's need for high protection coverage. 3. Rep recommended an insurance plan where the monthly premium payment was more than the client's monthly disposable income with no justification for his recommendation. 4. Rep recommended a switch/ ROP/ partial withdrawal without providing any justification. The recommended investment product offered a lower level of benefit at a higher cost to the client and it did not meet the financial objectives of the client. 5. Rep told a client that he could gain higher returns if the client does a partial withdrawal from his existing policy and purchases another new policy. The representative had no reasonable basis to suggest that the new policy offered better returns than the existing policy, as the investment returns of the two policies were of different nature. 6. Rep recommended a client to do a partial withdrawal from an ILP to purchase another similar ILP, without providing a reasonable basis. The client had incurred additional transaction cost for the second ILP which the |

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| | <p>client could have avoided if he did a fund switch.</p> <ol style="list-style-type: none"> Rep recommended a client to take up a new policy rather than to reinstate his lapsed policy, which was on premium holiday, without a reasonable basis. The representative was aware that it was a better choice for the client to reinstate the lapsed policy as it has a higher allocation rate than the new policy. Rep recommended an aggressive CIS to a non CKA competent conservative client on the basis that the client had understood the product. However, neither the client's education background, employment status, nor investment background supported this conclusion. No justification or explanation provided. A client has indicated to the representative that he has medium to long term savings needs to accumulate \$50,000 in 10 years. However, the representative recommended a 15-year savings plan and insisted that it was suitable for the client's profile. No justification was provided. Rep has sold a Main Plan to a client when there is no relevant needs analysis completed. |
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| | Non-sales KPI 3: Adequacy of information disclosure | Cat 1 infractions |
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| KPI 3 | <p>A. Rep did not highlight, explain and/or provide all material information in relation to the investment/ insurance product to the client.</p> <p>Material information to be highlighted, explained and provided to clients shall include, but is not limited to, the terms and conditions of the investment product, the benefits to be or likely to be derived from or the risks that may arise from purchasing the investment product, the premium, costs, expenses, investment horizon, fees and other charges that may be imposed in relation to the investment product, and the identity of the product manufacturer of the investment product.</p> | <ol style="list-style-type: none"> A representative failed to inform a client that the benefits or returns relating to a recommended insurance plan are not guaranteed and subject to the performance of the insurer's participating funds, and the client would not have bought the recommended insurance plan if the abovementioned information had been provided to him by the Rep. A Rep failed to inform a client that cancellation fees would apply for the premature withdrawal or termination of a recommended product or the capital of a product is not guaranteed unless the recommended product is held to maturity. The client would not have bought the recommended product if the abovementioned information had been provided to him by the rep. A Rep recommended a client to invest using his CPF monies to purchase an investment product but failed to inform the client of the current interest rates payable under the CPF Ordinary Account and Special Account, and the minimum interest rate guaranteed under the CPF Act (Cap.36), and the client would not have bought the investment product if he had known that the potential returns from the investment product may be lower than the interest rates he would earn under his CPF account. A client has a risk adverse profile and indicated to the representative that he would not want to lock in his monies at all. The representative sold the client a CIS and did not inform him that he would not get back the full amount invested if he terminates the investment earlier than the stipulated period. The client would not have bought the product if this information had been provided to him by the rep. |
| | <p>B. Rep provided false and/or misleading statement or representation to the client.</p> | <ol style="list-style-type: none"> A client purchased an insurance policy based on a representative's misrepresentation that it was a savings account that allowed him to deposit or withdraw funds at any point of time without incurring any charges or penalties. A rep misled a client to believe that a recommended insurance investment-linked product is a unit trust. Client would not have purchased if he knew it was a ILP. A rep guaranteed a client that the client would receive the maturity value |

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| | <p>or cash value of a recommended investment product in six months' time but this promise did not materialize. The client had informed the representative before he recommended the investment product that he needed the funds for a property purchase in six months' time</p> <ol style="list-style-type: none"> 4. A rep documented in the fact-find form that the cashback of the insurance policy would be paid out starting from the second year although he was fully aware that the yearly cashback of the insurance policy is only payable from the third year onwards. 5. A rep misrepresented that the insurance policy he has recommended also provides terminal illness coverage, when the policy only provides financial protection against death. As a result, the client bought the policy on the understanding that he would receive a payout under the policy if he was diagnosed with a terminal illness. 6. A client was told that he had made a gain of \$1,000 from his investment in an investment-linked insurance policy. When the client surrendered his policy, he had actually made a loss of \$20,000. 7. A Rep told the client that the CIS product is of very low risk and is a low risk alternative to fixed deposits, which was inconsistent with the prospectus and pricing statement of the CIS product. 8. A rep misrepresented an endowment insurance plan as a savings plan with free insurance for the deposit and the client bought the product thinking that it is similar to a fixed deposit account. 9. A rep misrepresented to a retiree who is illiterate, that an equity fund was a capital-guaranteed product that is similar to a fixed deposit. |
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| <div> <div>Non-sales KPI 4: Standards of professionalism and ethical conduct in relation to the provision of financial advisory services</div> <div>Cat 1 infractions</div> </div> | |
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| <div>KPI 4</div> <div>A. Rep did not provide financial advisory services in a professional and ethical manner, and have engaged in any unprofessional or unethical acts.</div> | <ol style="list-style-type: none"> 1. A representative falsified the client's responses in the fact-find form to place the client into a higher risk bucket so that the client was able to purchase an investment product that was more risky than his actual risk profile. 2. A representative failed to execute a transaction for a client based on the client's instructions without valid cause, as the representative intended to accumulate his sales revenue based on his volume of closed sales for the following quarter, resulting in the client incurring losses. 3. A representative asked a client to pre-sign a blank fact-find form without going through the fact-find and the representative completed the fact-find form in the absence of the client. 4. A representative allowed unauthorized persons to meet and provide financial advice to his clients on his behalf without him meeting the clients. In this regard, the representative had failed to meet his clients to conduct proper fact-find and explain the basis of recommendation respect of investment products regulated under the FAA. |