



PIAS Market Conduct Case Studies

Q3/Q4 2022

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At Singlife, we expect all our representatives (“Representatives”) to conduct their activities with integrity, honesty, and high standard of ethics. Representatives are expected to comply with the market conduct rules and regulations, as well as any requirements under any code, guidelines, notices, policy statements or practice notes issued or published under the **Financial Advisers Act 2001 (“FAA”)**. By compliance, it is adherence to both the letter and spirit of the law, standards, and guidelines.

The Monetary Authority of Singapore (“MAS”) has issued the **Guidelines for Fair Dealing – Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes** to promote fair dealing by financial institutions when they conduct business with their customers. As such, Representatives are expected to provide clients with quality advice and appropriate recommendations

The **Group Market Conduct Guide (“GMCG”)** sets out the guiding principles and disciplinary action framework that govern the conduct of Representatives so that Representatives are aware of the consequences of any misconduct and not acting ethically or professionally.

Source: Excerpt from Group Market Conduct Guide & Disciplinary Action Framework

Background

Source : Anonymous Complainant to Monetary Authority of Singapore (“MAS”)

Nature : A whistleblowing feedback regarding a Facebook advertisement (“Ad”) promoting the investment of a “regulated product”. Through the Facebook Ad, the whistle-blower was contacted by an individual whom MAS had identified to be PIAS Representative.

Expectation : The MAS requires PIAS to look into the feedback and assess whether the Facebook Ad is in compliance with MAS’ requirements.

Key investigation findings

- PIAS FAR had engaged a Digital Marketing Agency (“DMA”) for lead generation services without the Company’s approval.
- The DMA created a Facebook page to host the Facebook Ad.
- PIAS FAR had created an “introduction slide” and sent it to a prospect via WhatsApp along with the Facebook Ad while referencing the Facebook page.
- The creation/usage of the ‘introduction slide’, Facebook page and Facebook Ad constitute as marketing materials that require prior approval by Company before use.
- The PIAS FAR did not submit the marketing materials to PIAS Marketing Review Team for review and approval prior to use.
- PIAS Marketing Review Team reviewed the Facebook Ad and found that it contained misleading contents.
- PIAS FAR did not scrub the leads provided by the DMA against PIAS Personal Data Protection Portal and failed to introduce himself as a PIAS Representative

Investigation Outcome

Breach of Group Market Conduct Guide

The PIAS FAR was found to have breached the following:

1. Paragraph 11 : Breach of Data Protection Provisions
2. Paragraph 14: Unapproved Introducers / Telemarketers
3. Paragraph 15: Use of Non-approved Marketing Materials
4. Paragraph 17: Misrepresentation
5. Paragraph 50: Unprofessional Conduct of Representatives.

The abovementioned misconduct was reported to the Monetary Authority of Singapore ["MAS"] pursuant to the Notice on Report of Misconduct of Representatives by Financial Advisers (FAA-N14).



Learning Points



- PIAS Representatives **are strictly prohibited** from entering any arrangement with or appoint an introducer/telemarketing scheme to carry out introducing activities, unless with Company's approval.
- PIAS Representatives **must** abide with the PDPA Provisions and all relevant laws pertaining to the use of customer's information
- PIAS Representatives shall only use marketing materials that are issued or approved by the Company.

Marketing Material means any dissemination or conveyance of information in connection with a promotion of, or an invitation or a solicitation in respect of, any product or service, by any means or in any form.

- Important Notes on Misrepresentation:
 - ☐ Nonfraudulent Misrepresentation refers to non-disclosure of information, or making of a deceptive, false, or misleading statement.
 - ☐ Misrepresentation made with intent to deceive is considered as fraudulent misrepresentation and will be treated with a harsher disciplinary act.

Background

Source : Complainant contacted PIAS directly.

Nature : Complainant demanded for an account as to why his policy was not incepted three years ago in 2019.

Complainant added that with his current health condition, he will face difficulty in purchasing other policies in the future. He cited gross negligence for the withdrawn policy.

Expectation : Reinstate his withdrawn policy based on his health condition in 2019. Compensation was sought for the risk he faced in not having coverage over the years.

Key investigation findings

- Some of the questions in **Section 6: Underwriting Information** of the complainant's application form were left unanswered at the point of application by the ex-PIAS FAR.
- It was also established that the omission arose from the ex-PIAS FAR's failure in obtaining the answers to the omitted questions in the complainant's application form.
- The Provider had followed up with the ex-PIAS FAR twice, on 3 May 2019 and 9 May 2019, regarding the omitted questions in the complainant's application form. However, the ex-PIAS FAR failed to respond and the application was withdrawn by the Provider .
- Ex-PIAS FAR replied to the Provider's email on 20 December 2019 asking if the policy application can be revived. The Provider responded on 23 December 2019 stating that it was not possible and a fresh application is required.
- There was no evidence to suggest that the ex-PIAS FAR had informed the complainant at any point in time that the application had been withdrawn by the Provider.
- The ex-PIAS FAR's Supervisor did not detect the unanswered questions in the application form during his supervisory review of the point of sales documents.

Investigation Outcome

Breach of Group Market Conduct Guide

The ex-PIAS FAR and Supervisor were found to have breached the following :

1. **Paragraph 20 : Poor Field Underwriting**
2. **Paragraph 22 : Poor After Sales Service**
3. **Section 7 : Supervisor Accountability**

The abovementioned misconduct was reported to the Monetary Authority of Singapore [“MAS”] pursuant to the Notice on Report of Misconduct of Representatives by Financial Advisers (FAA-N14).



Learning Points



- PIAS Representatives **must** take reasonable steps to conduct sufficient fact-find to understand the circumstances and needs of their customers.
- PIAS Representative **must** go through every question in the proposal form's health questionnaire with the life assured and record his/ her answers accurately.
- Providing servicing or timely updates to clients is regarded as an important stage of the sales advisory process and it is essential for clients to be aware of update(s) to their policies to be able make informed decisions.
- A PIAS Supervisor is directly accountable for their PIAS Representative's conduct and the Supervisor will be deemed to have failed to discharge their supervisory duty when their Representatives committed a market conduct violation where it should have been reasonably prevented or detected by the Supervisor.

Background

Source : Product provider

Nature : Complainant alleged that PIAS Representative had provided incorrect advice on the impact of interest earned if withdrawal/surrender are initiated after the first year of the policy anniversary resulting in a loss of interest earned, which amount to \$5,325.40.

Expectation : Monetary compensation of \$5,325.40



Key investigation findings

- Investigation's review of the WhatsApp correspondences between the PIAS Representative and the complainant revealed that the Complainant had confirmed with the PIAS FAR on his understanding that he has to wait until the end of the second policy year before surrendering or making partial withdrawals without losing any interest accumulated.
- The PIAS Representative had incorrectly advised the complainant that if a withdrawal/surrender was initiated after the first policy year, the complainant would still receive the interest accrued.
- By the PIAS FAR's own admission, he mistook the complainant's policy for the previous series of the policy, which allows withdrawals with guaranteed interest pay out for the first three policy years.
- The wrongful advice lead to a loss of \$5,325.40 in interest earned.

Investigation Outcome

Breach of Group Market Conduct Guide

In summary, the PIAS FAR was found to have breached the following market misconduct under the GMCG:

1. Paragraph 17: Misrepresentation

The abovementioned misconduct was reported to the Monetary Authority of Singapore [“MAS”] pursuant to the Notice on Report of Misconduct of Representatives by Financial Advisers (FAA-N14).

In addition, the substantiated market misconduct was assessed to be a **Category 1 infraction** under the Balanced Scorecard Framework (BSC) for not meeting the following Non-Sales KPIs:

- Non-Sales KPI 3: Adequacy of information disclosure
- Non-Sales KPI 4: Standards of professionalism and ethical conduct in relation to the provision of financial advisory services



Learning Points



- When responding to a client’s query, PIAS Representatives are strongly encouraged to check back on the client policy information, particularly when the sales advisory took place some time ago.
- When in doubt, PIAS Representatives can contact PIAS Partnership Management (“PM”) or the insurer’s Business Development Manager to check before replying to client.
 - PM Insurance - pias.pm_insurance@singlife.com
 - PM Investment - pias.pm_investment@singlife.com
- Carelessness or oversight which result in the provision of erroneous information to client can lead to misrepresentation.
- Important Notes on Misrepresentation:
 - ☐ Nonfraudulent Misrepresentation refers to non-disclosure of information, or making of a deceptive, false, or misleading statement.
 - ☐ Misrepresentation made with intent to deceive is considered as fraudulent misrepresentation and will be treated with a harsher disciplinary act.

Thank you

