

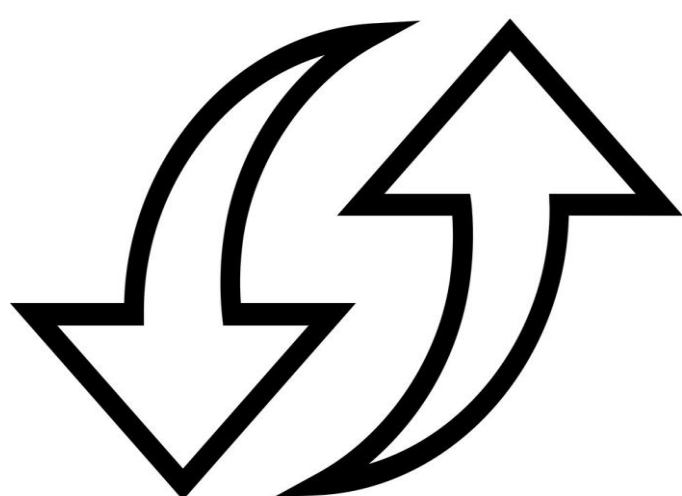
COMPIAS TIMES

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If you have any suggestions, feedback and/or topics you would like us to cover, please drop us a note at compliance@pias.asia

We look forward to hearing from you!

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Switching / Replacement Of Policy [“ROP”]

Definition

“Switching” includes a situation where a Client disposes of, or reduces his interest in, all or part of an investment product ¹ [referred to as “original product”] to acquire, or increase his interest in, all or part of another investment product [referred to as “replacement product”], and “switch” shall be construed accordingly.

¹ Inclusive of ALL products such as Life Policies, Collective Investment Schemes, Accident and Health Insurance Products etc.



Q: What constitute a switch?

A: Switching applies to transactions involving the same source of funds.



Source Of Fund

To \ From	Cash	CPF (OA)	CPF (SA)
Cash	✓	✗	✗
CPF (OA)	✗	✓	✓
CPF (SA)	✗	✓	✓

Legends



Replacement



Not a replacement

Note: *If improper switching is found, commission may be clawed back.*

For More Information

- FAA-G20: Guidelines On Switching Of Designated Investment Products
- LIA MU 49/12): LIA Standards For Distributors On Deterrence Of Undesirable Switching

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Switching / Replacement Of Policy [“ROP”]

Guidelines

- A PIAS Representative when making a switching recommendation shall:
- Comply with the *“Know Your Client”, needs analysis, and documentation and record-keeping requirements;* and
 - Disclose to Client any *fees or charges* that he/she would have to bear to switch from an original product to a replacement product.

Questions That A PIAS Representative Must Consider	Potential Disadvantages
What is the profit or losses from the transaction?	Incurring transaction costs without gaining any real benefits from the switch
How will the new policy benefit the Client?	The new investment product may offer a lower level of benefits at a higher cost or same cost, or offer the same level of benefit at a higher cost
Will there be there any penalty/ies suffered by Client?	Incur penalties for terminating the existing investment product
Is the new policy suitable for Client?	The new investment product may be less suitable for Client

Detective Measures

- 
 - Quarterly Balanced Scorecard [“BSC”] review
 - Monthly review of CPF-IS Transactions effected via (i) iFAST and (ii) Navigator Platforms
 - Investigation into complaint(s) lodged by Clients on improper switching that was purportedly made by a PIAS Representative(s)
 - Notification By External Parties (e.g. Product Provider(s) e.g. Aviva/NTUC etc, MAS etc.)

Did you know?



Omitting to complete Section 13 : Switching / Replacement Of Policy of the PIAS Financial Planner may potentially lead to an infraction under BSC framework.



RM&C staff may contact/or email you for clarification on your Client’s switching/ ROP cases. Do not be alarm if you receive such call/or email.

Social Media Listener Vendor Of PIAS

MAS' Expectation

On 11 July 2019, Ms Merlyn Ee, Executive Director, Monetary Authority of Singapore, at the Association of Financial Advisers (Singapore) 18th Annual Conference shared that:

- Recently, MAS has seen Representatives taking to social media sites such as Carousell and Facebook to market their firms' products and services. While we recognize this is a channel to reach out to a wider audience, there have been cases where Representatives have advertised products and services in a misleading way. For example, marketing endowment policies as fixed deposits, and using language such as “call me if you have spare cash for fixed deposit”.
- There were also instances of Representatives advertising anonymously, unbeknown to their firms. When we referred these cases to the firms concerned, these were found to be in breach of the firm's marketing policies. Such cases also skirt the firm's oversight and controls, and any improper practices will ultimately impact the firm's reputation.
- MAS expects FA firms to ensure that their Representatives' social media activities are conducted in a responsible and professional manner. In particular, the firm and representative must be **clearly identifiable, and the product and service accurately represented, in marketing materials**.
- Financial institutions and MAS share a common goal in ensuring appropriate use of social media to market financial products and services, to uphold the industry's reputation and safeguard consumers' interests. Given what MAS has seen in the social media space, MAS is taking a closer look at this area, including how other jurisdictions are addressing the issue.

For more information:

"Improving Culture and Conduct in the Financial Advisory Industry" - Keynote Address by Ms Merlyn Ee, Executive Director, Monetary Authority of Singapore, at the Association of Financial Advisers (Singapore) 18th Annual Conference on 11 July 2019

<https://www.mas.gov.sg/news/speeches/2019/improving-culture-and-conduct-in-the-financial-advisory-industry>

PIAS' INITIATIVE



- PIAS has engaged a social media trawler Vendor, Meltwater.
- Meltwater is a social listener which detect social media posts relating to certain criteria such as name of Representative and certain keywords.

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Question

For my ***personal social media*** account, can I post anything I want to disseminate or convey information in connection with a promotion of, or an invitation or a solicitation in respect of, any products or services?

As a Financial Adviser Representative representing PIAS, it is important that your use of the branch social media does not in any way put branch and/or PIAS corporate reputation at risk. Please obtain approval from the PIAS Marketing Review Committee before posting such materials. You may refer to the '***PIAS General Guidelines on Marketing Materials***' and "***Social Media Guidelines for Branches***" in Docushare for details.

Reminders

- Marketing materials must not be used and disseminated to any member of the public without prior approval from the Company
- Ensure contents are clear, adequate, not false or misleading
- Introduce yourself as a Financial Adviser Representative representing PIAS
- Include your Representative Number [RNF No.] (in full) on marketing materials with the your name
- Includes your corporate email address assigned by the Company
- Do not engage online about issues concerning the Company. If you come across a public discussion on the Company, or if you find someone misrepresenting or impersonating, don't take action yourself but alert PIAS' Marketing Review Committee.
- Do not publish proprietary information or anything confidential.
- Disciplinary action(s) may be take for failure to do any of the above.



Note: The above lists are not exhaustive.

When in doubt, please consult our PIAS Marketing Review Committee.

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