

## 16 Product Disclosure Sheet (PDS)

S 16.1 A FSP shall provide a PDS (following the order and sequence of items as specified in the PDS templates provided in the Schedules) for financial consumers to make product comparisons and informed decisions. The FSP shall comply with the “Notes on PDS requirements” provided in the PDS templates.

G 16.2 For the avoidance of doubt, a FSP may use appropriate infographics, illustrations or colours to draw the attention of financial consumers to important terms in the PDS.

G 16.3 A FSP is encouraged to provide a PDS containing relevant product information that is tailored to the needs of financial consumers at the pre-contractual stage to facilitate consumers in making informed financial choices.

S 16.4 A FSP shall ensure the PDS does not exceed two A4 pages and ensure that the information is presented in an easily readable font size.

S 16.5 A FSP shall use plain language and active verbs to make the PDS easy to read and understand.

G 16.6 In relation to paragraph 16.5, keeping sentences short will make the PDS easier to read. Most plain language writing guides recommend an average sentence length of not more than twenty words per sentence.

S 16.7 A FSP shall ensure the PDS is clearly distinguishable from other marketing materials to enable financial consumers to refer to the PDS for comparison and decision-making.

S 16.8 A FSP shall put in place adequate measures to ensure financial consumers are guided to read and understand the PDS prior to entering into a contract. The extent to which the FSP implements these measures shall be commensurate with the complexity of the financial product (i.e. adopting a risk-based approach). The level of measures that must be put in place by FSPs for more complex products would be higher as compared to less complex products. For complex products, the FSP must take additional steps, such as calling customers post-sales, to confirm that the customers are aware of all key terms and risks of the product.

G 16.9 In complying with paragraph 16.8, a FSP may require its front-line sales staff and intermediaries to advise financial consumers to read the PDS and explain the key information in the PDS, such as their obligations and product risks.

S 16.10 A FSP shall provide a copy of the PDS to financial consumers at the pre contractual stage.

S 16.11 If it is not practical to provide the PDS at the pre-contractual stage, particularly for telemarketing transactions, a FSP shall direct financial consumers to its website to view, read or obtain a copy of the PDS. Downloaded by Sim May Ling (HLB) on 'December 19, 2024' at '2:23 PM' Downloaded by Wan Norayana Amira Binti Wan Noraidil . 03 Dec 2024 02:07:18 PM Issued on: 2 December 2024 Product Transparency and Disclosure 24 of 102

S 16.12 A FSP that distributes its financial products through intermediaries, including a digital channel, shall customise the information contained in the PDS according to the distribution channel. The FSP shall disclose specific charges to be borne by financial consumers for securing the sale through its intermediaries, such as the platform, processing or administrative fees, if any.

S 16.13 For riders to an insurance/takaful product offering a variety of benefits<sup>17</sup>, a FSP must provide a separate PDS for such riders. The FSP must provide the PDS for the riders together with the PDS for the basic insurance or takaful product.

S 16.14 For financial products that are not set out in the Schedules, a FSP shall be guided by the format provided in the Schedules in producing a PDS on such products.

S 16.15 A FSP offering an Islamic financial product must explain the applicable Shariah contract, including the key terms and conditions in the PDS.

G 16.16 BNM reserves the right to require a FSP to make appropriate amendments to a PDS if information contained in the PDS is found to be inaccurate, incomplete or misleading.

S 16.17 A FSP shall immediately make appropriate amendments to the information contained in the PDS upon being informed by BNM in writing that the PDS is inaccurate or misleading.