

- S 5.1.6** A FSP shall ensure that its sales and marketing representatives contacting financial consumers clearly identify the FSP being represented. The FSP shall also ensure that the sales and marketing representatives explain to the consumers the key terms, benefits and risks of an ILD/IILD product.

## **5.2 At the point of entering into a contract**

- S 5.2.1** A FSP shall provide clear and adequate explanation to financial consumers of all material risks of investing in an ILD/IILD product, including potential loss of the principal sum invested if such product is not held to maturity. The FSP shall determine the level of details required to be disclosed to the consumers depending on the complexity and nature of the risks involved. In disclosing the benefits of the ILD/IILD product, the FSP shall provide a balanced view by highlighting the potential upside and downside and clearly state the key assumptions made.
- S 5.2.2** When using past performance of the underlying instruments to project future returns of an ILD/IILD, a FSP shall use actual returns of the most recent five (5) years (or the available period for financial products that have been offered for a shorter period). The FSP shall clearly state that past performance is not indicative of future performance. Likewise, when using any forecast of the economic trends of the markets, the FSP shall include a prominent warning that such forecast is not indicative of the ILD/IILD's future returns;
- S 5.2.3.** A FSP is not allowed to market an ILD/IILD based on projected/expected returns. Illustrations of potential gains and losses through numerical examples based on bull, flat and bear scenarios are allowed to enhance financial consumers' understanding of the impact of different scenarios in relation to such product. If numerical examples are illustrated, the FSP must ensure that all three scenarios are given and shall illustrate losses under the bear scenario, where applicable. The FSP must also ensure that the assumptions used shall be reasonable and shall clearly state such assumptions in the disclosure to the consumers.
- S 5.2.4** A FSP shall ensure that any comparison of performance figures is relevant and accurate, comparing "like to like" so that the presentation to financial consumers is not misleading. The FSP shall also ensure that there is reasonable basis for including any opinion on an ILD/IILD and must clearly disclose that it is a statement of opinion.
- S 5.2.5** For an ILD/IILD product where the market price, value, delivery or payment obligations is solely derived from, referenced to or based on foreign exchange rates, a FSP shall highlight the following risk warning statement at the bottom of every page of any document released and any advertisement on the ILD/IILD product.