

**SECURITIES AND FUTURES
(LICENSING AND CONDUCT OF BUSINESS)
(AMENDMENT NO. X) REGULATIONS 2013**

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No. S 000 –

**SECURITIES AND FUTURES ACT
(CHAPTER 289)**

**SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS)
(AMENDMENT NO. X) REGULATIONS 2013**

In exercise of the powers conferred by sections 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Licensing and Conduct of Business) (Amendment No. X) Regulations 2013 and shall come into operation on [● 2013].

Amendment of regulation 2

2. Regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) (referred to in these Regulations as the principal Regulations) is amended by deleting the definition of “advertisement” and substituting the following definition:

“ “advertisement” means a dissemination or conveyance of information, or an invitation or solicitation, by any means or in any form, including by means of -

- (a) publication in a newspaper, magazine, journal or other periodical;
- (b) display of posters or notices;
- (c) circulars, handbills, brochures, pamphlets, books or other documents;
- (d) letters addressed to individuals or bodies;
- (e) photographs or cinematograph films; or
- (f) sound broadcasting, television, the Internet or other media;”.

Insertion of new regulation 46AA

3. The principal Regulations is amended by inserting, immediately before Regulation 46A, the following regulation:

“Advertisements in respect of capital markets product

46AA. (1) The holder of a capital markets services licence, an appointed representative, a provisional representative or a temporary representative shall, when preparing, publishing, circulating or distributing, directly or indirectly, an advertisement in respect of any capital markets product, ensure that the advertisement:

- (a) gives a fair and balanced view of the capital markets product;
- (b) presents information in a clear manner; and
- (c) is legible, where it appears in any medium of communication in written form, excluding television advertisements but including newspapers, periodicals, magazines, letters, electronic mails or websites.

(2) For the purposes of paragraph (1)(a), an advertisement shall be considered as giving a fair and balanced view of the capital markets product if the advertisement --

- (a) gives -
 - (i) a balanced description of the risks and potential returns of that capital markets product; and
 - (ii) a proportionate level of prominence to the warnings, disclaimers and qualifications in relation to the claims on potential returns to which they refer to; and
- (b) does not -
 - (i) give the impression that an investor can profit without risk;
 - (ii) contain words or graphics that could convey an impression that is inaccurate or inconsistent with the nature or the risks of that capital markets product, including exaggerated statements or presentations that are calculated to exploit an individual's lack of experience and knowledge;

- (iii) omit any material information if the omission would cause the advertisement to be misleading; or
- (iv) present information in footnotes in a way that would alter the meaning of the main text of the advertisement or cause difficulty to an investor in understanding that capital markets product.

(3) For the purposes of paragraph (1)(b), an advertisement shall be considered as presenting information in a clear manner if the advertisement --

- (a) presents information in plain language and in a manner that is easily understood by a reader of the advertisement; and
- (b) limits the use of jargon or technical terms and, where such terms are used, explains such terms in a way that is easy for the reader of the advertisement to understand.

(4) For the purposes of paragraph (1)(c), an advertisement shall be considered as legible if --

- (a) information presented in the advertisement has a minimum font size of 10-point Times New Roman; and
- (b) where information in the advertisement is presented in a footnote, the footnote is at least half the font size of the word or statement to which it relates, subject to an overall minimum font size of 10-point Times New Roman.

(5) The holder of a capital markets services licence, an appointed representative, a provisional representative or a temporary representative shall, when preparing, publishing, circulating or distributing, directly or indirectly, an advertisement in respect of any capital markets product, ensure that the advertisement does not -

- (a) suggest that --
 - (i) the capital markets product is, or is comparable to, a deposit; or
 - (ii) there is no or little risk of the investor losing his principal amount or not achieving the stated or targeted rate of returns;

- (b) contain information that is outdated unless it is specified in the advertisement that the information presented is historical information and that past performance of the capital markets product is not indicative of its future performance;
- (c) contain information that is inconsistent with the information provided to the holder or representative, as the case may be, by the issuer of the capital markets product;
- (d) represent, directly or indirectly, that any graph, chart, formula or other device set out or referred to in the advertisement –
 - (i) can, in and of itself, be used to determine which capital markets product to buy or sell, or when to buy or sell them; or
 - (ii) will assist any person in deciding which capital markets product to buy or sell, or when to buy or sell them,
 without prominently disclosing in the advertisement the limitations thereof and the difficulties with respect to its use; or
- (e) contain any statement to the effect that any report, analysis or other service will be furnished free or without charge, unless such report, analysis or service is in fact or will in fact be furnished in its entirety and without any condition or obligation.

(6) Where a capital markets product is structured with the objective of returning the full principal amount to investors at maturity, the holder of a capital markets services licence, an appointed representative, a provisional representative or a temporary representative, in preparing, publishing, circulating or distributing, directly or indirectly, the advertisement, shall ensure that the advertisement clearly highlights that while the objective is to return the full principal amount to investors at maturity, the product does not unconditionally guarantee the return of the full principal amount at maturity.

(7) A holder of a capital markets services licence, an appointed representative, a provisional representative or a temporary representative shall, in preparing, publishing, circulating or distributing, directly or indirectly, an advertisement in respect of a capital markets product, ensure that the advertisement includes a statement that the advertisement has not been reviewed or endorsed by the Authority.

(8) For the purposes of paragraphs (1), (5), (6) and (7), the holder of a capital markets services licence, an appointed representative, a provisional representative or a temporary representative shall be considered to be indirectly preparing, publishing, circulating or distributing an advertisement if such an advertisement is done through, or in collaboration with, a third party.

(9) The holder of a capital markets services licence, an appointed representative, a provisional representative or a temporary representative who publishes, circulates or distributes an advertisement in respect of a capital markets product shall ensure that the advertisement is approved by the senior management prior to the publication, circulation or distribution of the advertisement.

(10) In this regulation -

“bank” means a bank in Singapore or a merchant bank;

“bank in Singapore” has the same meaning as in section 2(1) of the Banking Act (Cap. 19);

“deposit” means –

- (a) a deposit as defined in section 4B of the Banking Act (Cap. 19), in a case where the deposit is accepted by a bank; or
- (b) a deposit as defined in section 2 of the Finance Companies Act (Cap. 108), in a case where the deposit is accepted by a finance company as defined in that section of that Act;

“merchant bank” means a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186).

“senior management” –

- (a) in the case where the person preparing, publishing, circulating or distributing the advertisement is a corporation, means any person holding the office of chief executive officer or executive director, or equivalent in the corporation;
- (b) in the case where the person preparing, publishing, circulating or distributing the advertisement is an individual, means any person holding the office of chief executive officer or executive director, or equivalent, in the corporation which the first-mentioned person is preparing, publishing, circulating or distributing the advertisement on behalf of as employee or agent.”.

Amendment of regulation 46

3. Regulation 46 of the principal Regulations is amended —

- (a) by deleting the heading of the Regulation and substituting the following heading:

“Advertisements other than advertisements in respect of capital markets product”;

- (b) by inserting, immediately after the words “publish, circulate or distribute any advertisement”, the words “other than an advertisement in respect of a capital markets product”; and

- (c) by deleting paragraphs (a) and (b) and renumbering paragraphs (c) and (d) as (a) and (b).

Amendment of regulation 54

4. Regulation 54 of the principal Regulations is amended by inserting, immediately after the words “regulations 39(3), (4) and (5), 42, 44, 45,”, the word “46AA,”.

Made this day of 2013.

RAVI MENON
Managing Director,
Monetary Authority of Singapore.