

**FINANCIAL ADVISERS
(AMENDMENT NO. X) REGULATIONS 2013**

DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the Attorney- General's Chambers.

No. S 000 –

**FINANCIAL ADVISERS ACT
(CHAPTER 110)**

FINANCIAL ADVISERS ACT (AMENDMENT NO. X) REGULATIONS 2013

In exercise of the powers conferred by sections 23(4), 100(1) and 104 of the Financial Advisers Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Financial Advisers (Amendment No. X) Regulations 2013 and shall come into operation on [● 2013].

Insertion of regulations 22A and 22B

2. The Financial Advisers Regulations (Rg 2) (referred to in these Regulations as the principal Regulations) is amended by inserting, immediately after regulation 22, the following regulations:

“Advertisements in respect of investment product

22A. – (1) A licensed financial adviser, an exempt financial adviser, or any of its representatives shall, when preparing, publishing, circulating or distributing, directly or indirectly, an advertisement in respect of any investment product, ensure that the advertisement:

- (a) gives a fair and balanced view of the investment 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 investment product if the advertisement –

- (a) gives –
 - (i) a balanced description of the risks and potential returns of that investment 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 investment 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 investment 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) A licensed financial adviser, an exempt financial adviser, or any of its representatives shall, when preparing, publishing, circulating or distributing,

directly or indirectly, an advertisement in respect of any investment product, ensure that the advertisement does not –

- (a) suggest that –
 - (i) the investment 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 investment 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 investment 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 investment product to buy or sell, or when to buy or sell them; or
 - (ii) will assist any person in deciding which investment 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 an investment product is structured with the objective of returning the full principal amount to investors at maturity, the licensed financial adviser, exempt financial adviser, or any of its representatives, 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 licensed financial adviser, an exempt financial adviser, or any of its representatives shall, in preparing, publishing, circulating or distributing, directly or indirectly, an advertisement in respect of an investment 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 licensed financial adviser, exempt financial adviser, or any of its representatives 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) A licensed financial adviser, an exempt financial adviser, or any of its representatives who publishes, circulates or distributes an advertisement in respect of an investment 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.”.

Advertisements other than advertisements in respect of investment product

22B. – A licensed financial adviser, an exempt financial adviser, or any of its representatives shall not, directly or indirectly, publish, circulate or distribute any advertisement other than an advertisement in respect of an investment product –

- (a) which contains 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; or
- (b) which contains any inaccurate or misleading statement or presentation, or any exaggerated statement or presentation that is calculated to exploit an individual’s lack of experience and knowledge.”.

Deletion of regulation 36

- 3.** Regulation 36 of the principal Regulations is deleted.

Made this day of 2013.

RAVI MENON
Managing Director,
Monetary Authority of Singapore.