

Excerpt from the Notice on Information to Clients and Product Information Disclosure by Monetary Authority of Singapore

When making a recommendation on any designated investment product to a client, a financial adviser shall disclose the following information to the client in a form and manner that is clear, adequate and not false or misleading:

(a) Nature and objective of the product

The financial adviser shall disclose and explain to the client the nature and objective of the product, including:

- (i) whether the product is a life policy or units in a collective investment scheme;
- (ii) whether the product is meant for protection, savings or investment; and
- (iii) the investment strategy of the product.

(b) Details of the product provider

The financial adviser shall disclose to the client details relating to:

- (i) the product provider;
- (ii) the relationship between the product provider and the financial adviser; and
- (iii) the business address of the product provider.

(c) Contractual rights

The financial adviser shall disclose and explain to the client the party against which the client may take action to enforce his rights with respect to the product he has purchased. In the case of a collective investment scheme where the units are held on behalf of the client under a nominee company's name, the financial adviser shall disclose and explain to the client the fact that his rights may only be enforced through the nominee company. In the case of a life policy, the financial adviser shall disclose and explain to the client that he is responsible for the accuracy and completeness of the information given to the life insurer issuing the life policy:

- (i) in an application for the life policy; and
- (ii) when making a claim under the life policy.

The financial adviser shall also disclose and clearly explain to the client that any mis-statement or non-disclosure of material facts may affect the validity of the policy.

(d) Client profile

The financial adviser shall disclose and explain to the client the intended client profile of the product, including:

- (i) the product's intended investment horizon;
- (ii) the ease of converting the investment in the product to cash; and
- (iii) the expected level of risk tolerance of the client.

(e) Commitment required from the client

The financial adviser shall disclose and explain to the client the amount of, frequency with which, and period over which, payment is to be made in respect of the product. In the case of a life policy, the financial adviser shall disclose and explain to the client whether the premium rate is guaranteed or non-guaranteed.

(f) Benefits of the product

The financial adviser shall disclose and explain to the client the benefits of the product, including the amount and timing for payment of benefits by the product provider to the client and whether the benefits are guaranteed or non-guaranteed. In the case of a life policy, the financial adviser shall furnish the client with a policy illustration in respect of the life policy (where a policy illustration is available in respect of the life policy). In such a case, the financial adviser shall also disclose and explain the policy illustration to the client as well as any lien imposed on the policy and any benefit excluded by the life insurer in respect of the policy. In the case of a collective investment scheme which is, or an investment-linked policy invested in, a guaranteed fund, where the guaranteed value is less than 100% of the subscription amount or premiums paid, the financial adviser shall disclose and explain that fact to the client.

(g) Risks of the product

The financial adviser shall disclose and explain to the client the risks to be borne by the client in the purchase of the product. In the case of a life policy, the financial adviser shall:

- (i) disclose and explain the risk factors that may result in the benefits payable to be less than the illustrated values; and
- (ii) explain the alternative scenarios as indicated in the policy illustration (where a policy illustration is available in respect of the life policy).

In the case of a collective investment scheme, the financial adviser shall disclose and explain to the client all the risks stated in the prospectus or profile statement issued in respect of that scheme.

(h) Pricing of the product

In the case of a collective investment scheme and an investment-linked policy, the financial adviser shall disclose and explain to the client whether the units will be priced on a historical or forward basis. The financial adviser shall also disclose and explain to the client:

- (i) in the case of a dual pricing scheme, that the bid and offer prices are the selling and buying prices respectively; and
- (ii) in the case of a single pricing scheme, that the single price does not take into account subscription or realisation fees which may be separately payable by the client upon purchase or redemption respectively.

(i) Fees and charges to be borne by the client

The financial adviser shall disclose and explain to the client the amount, frequency of payment, and nature, of fees and charges payable under the product. Where the product is subject to a deferred sales load, the financial adviser shall explain this fact and disclose the details of the deferred sales load to the client. In the case of a collective investment scheme or an investment-linked policy, the financial adviser shall disclose:

- (i) the fees and charges payable by the client;
- (ii) fees and charges that are payable out of the fund; and
- (iii) when such fees and charges are due and payable.

The financial adviser shall also disclose and explain to the client all the fees and charges as stated, in the case of a collective investment scheme, in the prospectus, or in the case of an

investment-linked policy, in the policy contract or product summary (where a product summary is available in respect of the life policy) as well as the reduction in yield in the policy illustration (where a policy illustration is available in respect of the investment-linked policy), where applicable.

(j) Reports to the client

Where regular reports from the product providers to the client are required by the relevant laws, the financial adviser shall disclose and explain to the client the frequency of the reports and the source from which the client could reasonably be expected to receive the reports.

(k) Free-look period for life policies

The financial adviser shall disclose and explain to the client:

- (i) the time frame for the client to reconsider his purchase of a life policy;
- (ii) the terms and procedures for exercising the free-look provision; and
- (iii) in the case of an investment-linked policy, that the risk of any fall in value of the underlying investment during the free-look period may have to be borne by the client.

(l) Cancellation period for unit trusts

Where the unit trust provides for a cancellation period, the financial adviser shall disclose and explain to the client:

- (i) the time frame for the client to reconsider his purchase of a unit trust;
- (ii) the terms and procedures for exercising his right to cancel his purchase of units in the scheme; and
- (iii) that the risk of any fall in value of the units during the cancellation period would have to be borne by the client.

(m) Withdrawal, surrender or claim

The financial adviser shall disclose and explain to the client the procedures, charges and restrictions on withdrawal, surrender or claim of the product. In the case of a collective investment scheme or an investment-linked policy where the fund is a guaranteed fund and the guarantee is only valid at a certain point in time, the financial adviser shall disclose and explain to the client that the guarantee is not valid on premature withdrawal.

(n) Warnings, exclusions and disclaimers

The financial adviser shall disclose and explain to the client all warnings, exclusions and disclaimers in relation to the product it has recommended to the client.

Click [here](#) for more details about the Notice on Information to Clients and Product Information Disclosure by Monetary Authority of Singapore.