

# **Financial Advisers (Remuneration) Regulations 2015**

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## **No. S 816**

### **FINANCIAL ADVISERS ACT (CHAPTER 110)**

### **FINANCIAL ADVISERS (REMUNERATION) REGULATIONS 2015**

In exercise of the powers conferred by section 104 of the Financial Advisers Act, the Monetary Authority of Singapore makes the following Regulations:

#### **Citation and commencement**

**1.** These Regulations may be cited as the Financial Advisers (Remuneration) Regulations 2015 and come into operation on 1 January 2016.

## Definitions

2.—(1) In these Regulations, unless the context otherwise requires —

“accredited investor” has the same meaning as in section 4A(1)(a) of the Securities and Futures Act (Cap. 289);

“additional premiums”, in relation to a relevant life policy, means premiums payable, on or after 1 April 2017, on a regular basis as required under the policy in order to increase the product features and benefits of the policy, or extend the duration of the policy, after the policy has been issued;

*[S 81/2017 wef 01/04/2017]*

“derivatives contract” and “exchange-traded derivatives contract” have the same meanings as in section 2(1) of the Securities and Futures Act;

*[S 641/2018 wef 08/10/2018]*

“expert investor” has the same meaning as in section 4A(1)(b) of the Securities and Futures Act;

“financial adviser” means a licensed financial adviser or an exempt financial adviser;

“institutional investor” has the same meaning as in section 4A(1)(c) of the Securities and Futures Act;

“investment-linked policy” has the same meaning as in the First Schedule to the Insurance Act (Cap. 142);

*[S 81/2017 wef 01/04/2017]*

“licensed insurer” has the same meaning as in section 1A of the Insurance Act;

*[S 81/2017 wef 01/04/2017]*

“over-the-counter derivatives contract” means a derivatives contract that is not an exchange-traded derivatives contract;

*[S 641/2018 wef 08/10/2018]*

“policy moneys” includes any benefit, whether pecuniary or not, which is secured by any insurance policy;

“portfolio of relevant life policies”, in relation to a relevant person, or a recipient mentioned in regulation 4, means a collection of —

- (a) all relevant life policies arranged by the relevant person or the recipient (as the case may be); and
- (b) any other investment product arranged by the relevant person or the recipient (as the case may be) that is included in the same collection as the relevant life policies mentioned in paragraph (a) by —

- (i) the relevant person, being the financial adviser;
- (ii) where the relevant person is a representative or supervisor of a financial adviser, the financial adviser; or
- (iii) in the case of the recipient, the financial adviser that pays the remuneration to the recipient;

*[S 81/2017 wef 01/04/2017]*

“premium payment period”, in relation to a relevant life policy, means the period during which premiums are payable under that policy;

*[S 81/2017 wef 01/04/2017]*

“pure protection policy” means a life policy —

- (a) which has no surrender value;
- (b) the policy moneys of which are payable only on death or for incapacity due to injury, sickness or infirmity; and
- (c) which has no provision for its conversion or extension which would result in it ceasing to satisfy paragraph (a) or (b);

“relevant life policy” means a life policy —

- (a) that is not a single premium life policy or a specified life policy; and
- (b) that is issued by a licensed insurer pursuant to a proposal form submitted to the licensed insurer on or after 1 April 2017;

*[S 81/2017 wef 01/04/2017]*

“relevant person” means —

- (a) a financial adviser;
- (b) a representative of a financial adviser; or
- (c) a supervisor of a financial adviser;

*[S 81/2017 wef 01/04/2017]*

“single premium life policy” means a life policy —

- (a) the premium of which is payable as a lump sum on or before the date of commencement of coverage under the policy; or
- (b) all premiums of which are payable within a period of no more than 12 months starting from the date of commencement of coverage under the policy;

*[S 81/2017 wef 01/04/2017]*

“specified life policy” means a life policy in respect of which —

- (a) the policy owner is not an individual, unless the individual holds the policy in the individual’s capacity as a sole proprietor; and
- (b) there are 2 or more insured persons;

*[S 81/2017 wef 01/04/2017]*

“variable income”, being income that is directly linked to the sale of a particular relevant life policy, means —

- (a) in relation to a financial adviser, any payment or remuneration payable to the financial adviser, whether on a periodic basis or otherwise, where the financial adviser’s entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference only to one or more of the following factors:
  - (i) the total number or total value of all investment products in relation to which the financial adviser provided financial advisory services to the financial adviser’s clients;
  - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
  - (iii) the total amount of remuneration payable to the financial adviser by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
  - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser’s clients in connection with financial advisory services provided by the financial adviser;
- (b) in relation to a representative of a financial adviser, any payment or remuneration payable to the representative, whether on a periodic basis or otherwise, where the representative’s entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference only to one or more of the following factors:
  - (i) the total number or total value of all investment products in relation to which the representative provided financial

advisory services to the financial adviser's clients;

- (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by the representative;
  - (iii) the total amount of remuneration payable to the representative by the financial adviser in connection with financial advisory services provided by the representative to the financial adviser's clients;
  - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by the representative; and
- (c) in relation to a supervisor of a financial adviser, any payment or remuneration payable to the supervisor, whether on a periodic basis or otherwise, where the supervisor's entitlement to that payment or remuneration, or the amount of that payment or remuneration, is determined by reference only to one or more of the following factors:
- (i) the total number or total value of all investment products in relation to which one or more representatives of the financial adviser under the direct or indirect supervision or management of the supervisor (*R*) provided financial advisory services to the financial adviser's clients;
  - (ii) the total number or total value of all agreements, transactions or arrangements relating to investment products entered into by the financial adviser's clients in connection with financial advisory services provided by *R*;
  - (iii) the total amount of remuneration payable to *R* by the financial adviser in connection with financial advisory services provided by *R* to the financial adviser's clients;
  - (iv) the total amount of premiums payable in respect of all life policies purchased by the financial adviser's clients in connection with financial advisory services provided by *R*;

*[S 81/2017 wef 01/04/2017]*