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FINANCIAL ADVISERS ACT (CHAPTER 110)

FINANCIAL ADVISERS (REMUNERATION) (AMENDMENT) REGULATIONS 2017

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 are the Financial Advisers (Remuneration) (Amendment) Regulations 2017 and come into operation on 1 April 2017.

Amendment of regulation 2

2. Regulation 2 of the Financial Advisers (Remuneration) Regulations 2015 (G.N. No. S 816/2015) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “accredited investor”, the following definition:

““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;”;

(b) by inserting, immediately after the definition of “institutional investor”, the following definitions:

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

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

(c) by inserting, immediately after the definition of “policy moneys”, the following definitions:

“ “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;

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

(d) by inserting, immediately after the definition of “pure protection policy”, the following definition:

“ “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;”;
- (e) by deleting the full-stop at the end of the definition of “relevant person” and substituting a semi-colon, and by inserting immediately thereafter the following definitions:

“ “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;

“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;

“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