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MAS Seeks Comments on Proposed Revisions to Guidelines on Fair Dealing to Apply to All FIs, and to Ensure Fair Dealing Outcomes to Customers

On 14 December 2022, the Monetary Authority of Singapore ("**MAS**") issued a Consultation Paper on proposed revisions to "Guidelines on Fair Dealing – Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers" ("**Guidelines**"), primarily to make the Guidelines applicable to all financial institutions ("**FIs**") and to strengthen fair dealing practices by FIs. The consultation exercise ended on 8 February 2023.

First issued in 2009 under the Financial Advisers Act 2001, the Guidelines focus on five fair dealing outcomes ("**Outcomes**") to promote fair dealing by FIs:

- (a) **Outcome 1:** Customers have confidence that they deal with FIs where fair dealing is central to the corporate culture.
- (b) **Outcome 2:** FIs offer products and services that are suitable for their target customer segments.
- (c) **Outcome 3:** FIs have competent representatives who provide customers with quality advice and appropriate recommendations.
- (d) **Outcome 4:** Customers receive clear, relevant and timely information to make informed financial decisions.
- (e) **Outcome 5:** FIs handle customer complaints in an independent, effective and prompt manner.

Key Revisions to Guidelines

- (a) **Broadening scope of applicability of the Guidelines.** At present, the Guidelines apply to the selection, marketing and distribution of investment products, and the provision of financial advisory services. MAS proposed to make it express that the Guidelines apply (on a proportionate basis that is relevant to the nature of the products and services) to: (i) all FIs, (ii) all financial products and services offered by the FIs, and (iii) all customers of FIs.
- (b) **Ensuring fair treatment of customers at various stages of the product life-cycle of provision of services by the FIs by incorporating principles and guidance under the Outcomes.**
 - Include an expectation on FIs to implement a sound and objective process to assess applications received for financial products and services, under Outcome 1.

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- Extend applicability of Guidelines to product manufacturers (in addition to distributors), and include an additional expectation on the FIs to design and manufacture products and services that are suitable for target customer segments, under Outcome 2.
- Incorporate three key principles to strengthen fair dealing practices by FIs (transparency, consideration of customer interests and accountability and product governance), and impose an expectation on FIs to provide customers with information that accurately represents the products and services offered and delivered, under Outcome 4.
- Include an expectation on FIs to ensure proper disclosure of the right-of-review ("RoR") clauses and the judicious exercise of RoR clauses, under Outcome 4. A RoR clause is essentially a contractual right for FIs to revise the terms and conditions of a product or service.

The proposed amendments to the Guidelines are set out at [Annex - Proposed Amendments to Fair Dealing Guidelines](#). The full text of the Consultation Paper is accessible [here](#) (available on the MAS website at www.mas.gov.sg).

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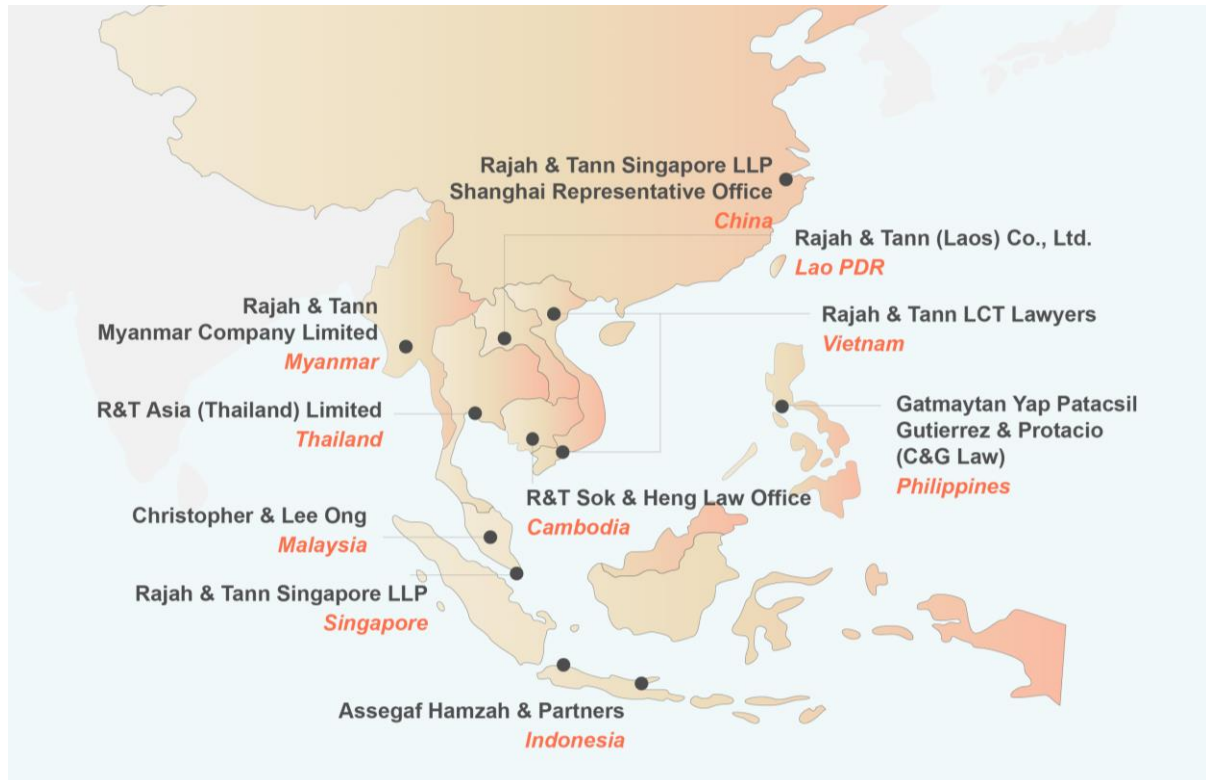
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