

5 June 2025

Monetary Authority of Singapore

<https://go.gov.sg/consultation-advertising-exclusions>

The below responses will be submitted to the Monetary Authority of Singapore online system on 5 June.

ASIFMA AMG Response to MAS Consultation on Proposed Revisions to Financial Advertisement Regulations: Removal of Existing Exclusions

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Please indicate which aspects of your submission you would like to keep confidential.	None – I am fine with publishing my full feedback with attribution.

Q1. MAS seeks feedback on the proposal to remove Financial Advisers Regulations 22(7)(a) and 22(7)(c), and where relevant, how the respective Regulations are used in relation to product advertising today.

On behalf of the buy and sell side members of Asia Securities Industry & Financial Markets Association ("ASIFMA"), we would like to submit our response to the Monetary Authority of Singapore ("MAS") Consultation on Proposed Revisions to Financial Advertisement Regulations: Removal of Existing Exclusions. Given our comments on Questions 1 & 2 are similar, set out below are our responses to both questions, i.e., the proposals on removing both exclusions under the Financial Advisers Regulations ("FAR") 22(7)(a) and 22(7)(c), and that under the Securities and Futures (Licensing and Conduct of Business) Regulations ("SFLCBR") 46(7)(b) and 46(7)(d).

The proposed removal of above-mentioned exclusions would subject all advertisements on any investment products as well as non-product advertisements to the same set of regulations, regardless of the target audience, i.e., whether they are retail investors or accredited investors ("AIs") / institutional investors ("IIs").

While we support the aim of the proposal to safeguard clients by ensuring information is provided in a clear and legible manner, we are of the view that such an undifferentiated

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approach towards all types of advertisements and marketing materials may not be practical nor truly helpful to clients or the industry. It will not only increase costs for financial institutions (“FIs”) in Singapore, especially global firms which often produce certain advertisements globally, but also impact the transparency and effectiveness of advertisements to non-retail investors as well as the timeliness of materials given to investors. We are of the view that such an undifferentiated approach towards advertisements does not align with international standards and may make Singapore a less competitive market for the financial and asset management industry than other APAC markets. We urge the MAS to allow the requirements for different types of advertisements to be different and commensurate with the level of sophistication and knowledge of the targeted audience. Our detailed reasons and concerns are set out below.

Requirement of comprehensive review by senior management or delegates

The FAR and SF(LCB)R require that an advertisement must be approved by a firm’s senior management or its delegate(s) (which may be someone in marketing, product and compliance functions).

Currently, the exclusions allow for adoption of a risk-based approach for reviewing and approving different types of marketing materials. For example, for lower-risk materials, such as those for non-retail investors (e.g., AIs and IIs), whether produced locally or globally, a firm may adopt a maker-checker mechanism with proper documentation and robust monitoring, while for higher-risk materials, such as those for retail investors, the firm will have to undergo a full review process requiring approval by its senior management or its delegate(s).

If the exclusions are removed, such a risk-based approach would no longer be possible and would require full review and approval by senior management or its delegate(s), increasing the resources and time needed for such approvals. Besides adding to the cost of FIs, the larger volume of materials that require comprehensive review will also significantly delay the time-to-market of products, which is contrary to MAS’ effort to support the long-term growth of Singapore’s financial and asset management industry.

In addition, it is possible that, where the advertisements and materials targeted at AIs and IIs are prepared outside Singapore (e.g., for global dissemination), the senior management or delegate(s) may not be familiar with such advertisements and materials, which they are not required to approve currently. In addition, the Singapore FI could be just a product distributor or an offshore group company or an unrelated third party of the product manufacturer. Therefore, where the Singapore FI is not the author or preparer of the global documents, it may not be possible for the FI’s senior management or delegate(s) to sign off and confirm that the documents are not false/misleading and are fair and balanced with regard to the particular product. Therefore, its senior management and delegate(s) may take a longer time or even adopt a more conservative approach towards approving such advertisements and materials, which may potentially limit the information made available to clients and investors of Singapore FIs and the products available to them.

Marketing materials for AIs and IIs

Marketing materials for AIs and IIs are normally targeted and, therefore, different from those for retail investors. For example, the materials for AIs and IIs often include customized information that AI/II clients seek (e.g., performance cuts, attribution data, portfolio construction methodologies). Without the exclusions, there could be risks that the information available to AIs and IIs are simplified, which may reduce the effectiveness and transparency with these types of clients, which we believe runs opposite to the objective of the proposals.

If FIs lose the current exclusions, they will need to realign their existing materials for AIs and IIs with the standards intended for retail investors (e.g., defining abbreviations, presentation of past performance figures and disclaimers). This adds to the FIs' administrative burden, which would be disproportionate to the level of sophistication expected of AIs and IIs. In addition, additional effort will be needed for FIs to categorize which current materials targeting AIs and IIs would fall under the definition of advertisement.

Non-product advertisements

We understand that MAS intends to align the requirements for both product and non-product advertisements as per its Consultation Paper on Enhancing Safeguards for Proper Conduct of Digital Prospecting and Marketing Activities issued in April 2023.

Our members believe that it would be impractical to adopt similar approval/vetting processes for both product and non-product advertisements.

Non-product advertisements and materials tend to be generic and do not intend to induce investors to invest in particular products or use financial advisory services. Many non-product advertisements are used for branding purposes to raise awareness of the FI's name/capabilities. In the context of fund management, it generally refers to advertisements promoting a financial institution's fund management expertise, including strategies that the fund management company offers. Other examples include advertisements for branding purposes, generic advertisements on FI's capabilities, ESG and other sustainability-related topics, advertisements showcasing global/regional awards won by the FI, etc. Global FIs typically produce such advertisements for global use, so such advertisements are normally reviewed and cleared at the global level by the global team based on internal protocols, without additional review by the local or in this case Singapore team.

We understand that most jurisdictions in the region (e.g., HK SFC) generally do not require pre-approval of non-product marketing materials.

Hence, given the low-risk nature of non-product advertisements, we are of the view that the same requirements or standards for product advertisement for retail investors should not be applied to non-product advertisements, whether targeted at AIs, IIs or retail investors.

Font size

The FAR and SF(LCB)R require that advertisement font size should be at least 10, which deviates from the standard 8 font size currently used in many developed markets globally. For those global asset managers that produce certain materials for AIs/ILs and non-product advertisements globally, extensive work would be needed just for Singapore to customize each and every one of these materials to comply with MAS' proposed font size requirement. Again, this will lead to an increase in the production cost for vendor customization, printing and logistics for products or services being marketed in Singapore and may potentially limit their availability to clients of Singapore FIs. In addition, for global fund managers, the Singapore business is typically not a significant portion of its funds business. Therefore, it may not be viable for them to customize their advertisements specifically for a small segment of customers in Singapore which could then lead to fewer products being marketed in Singapore.

Given the aforementioned challenges and issues resulting from removing the exclusions, we urge MAS, as a leader in advancing the local financial industry, to retain the exclusions to allow a proportionate, risk-based approach that continues to recognise the distinction between retail and non-retail investors based on their different level sophistication and knowledge. We also suggest excluding non-product advertisements from the regulations given their generic and low-risk nature.

Role of FIs to be distinguished for purposes of these Regulations

If the aforementioned exclusions are removed, the impact of imposing the advertisement requirements to product materials would be significant. This is because the documents that are distributed in the context of a product offer in Singapore would generally be prepared by the product manufacturer or issuer (which may be outside Singapore) and not by the distributor of the product in Singapore.

Imposing the advertisement requirements on FIs that are solely distributors would mean that such FIs are taking responsibility for the statements made in the offering material. The FI, as distributor, may not be in a position to ascertain the correctness of the statements made in the offering materials and may not be able to evaluate whether such statements are "false or misleading".

Thus, we strongly urge MAS to consider the capacity in which a person disseminates or publicises a product advertisement, as well as the preparer of the advertisements and materials. It would be overly onerous to require FIs who simply disseminate product information to comply with the product advertisement regulations. We set out two examples below to illustrate this.

First, when a distributor, such as a broker-dealer, bank, or even fund management company, disseminates offering material to its clients in its capacity as an intermediary, it may be overly onerous to require the distributor to ensure that the offering material complies with the product advertisement regulations. This is because (1) such product advertisements may contain information that the distributor cannot verify easily, and (2) it may significantly increase the distributor's compliance burden.

Second, requiring all persons involved in book-building exercises held prior to initial public offerings to ensure that any preliminary document disseminated complies with the product advertisement regulations may be overly onerous. The current exclusions under the SF(LCB)R allow for preliminary documents to be disseminated before a prospectus or profile statement is registered by MAS as this would not be considered product advertisement. If the exclusions are removed, information disseminated during book-building exercises may be considered product advertisements. This would mean that any party involved in disseminating such information would have to comply with the product advertisement regulations. Similar to the first example, this may be overly onerous because not all FIs would bear responsibility for statements made in a prospectus or preliminary document, and imposing the product advertisement requirements would significantly change the usual allocation of responsibility for product documentation and increase their compliance burden.

Hence, product advertisement requirements must distinguish between (a) statements made by a distributor, (b) statements made by an issuer, and (c) statements made by both distributor and issuer jointly. FIs (and for that matter, their senior management) should not be made responsible for statements which are not made by them and which they are simply disseminating.

Some helpful clarifications

Aside from our views above, our members are of the view that clarifications from the MAS on the following would be helpful:

- (1) Given Collective Investment Schemes (CIS) distributed to retail investors are subject to a separate set of advertisement requirements that are specified in Regulation 19A of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 ("**SF(CIS)R**"), our members assume that CIS distributed to retail investors are not subject to the advertisement requirements under the FAR and SF(LCB)R so it would be helpful if MAS can confirm.
- (2) Is the MAS proposal intended to impact the offering of Collective Investment Schemes (CIS) under S305(1) or (2) of the Securities and Futures Act ("**SFA**") (i.e., Restricted Schemes)? The proposal is said to apply to "all forms of solicitation for investment products and services" so it seems to imply that the product advertisement requirements will be applicable to Restricted Schemes. This would be incongruent with our members' understanding that offers of Restricted Schemes are not allowed to be accompanied by advertisements, according to S305(3)(a) of the SFA, and must be made in or accompanied by an "information memorandum" pursuant to paragraph 1(1)(b) of the Sixth Schedule to the SF(CIS)R. Further, Question 19 of the MAS CISNET FAQs states that marketing materials prepared in connection with such Restricted Scheme offers would fall within the definition of "information memorandum", which are not included under the scope of advertisements. Therefore, our members believe that it does not make sense to apply the product advertisement requirements to Restricted Scheme materials. This also aligns with our

differentiated approach view set out above as Restricted Schemes' investors are AIs who should not be subject to the same product advertisement requirements for retail products.

In addition, it would be helpful for MAS to clarify that published materials that do not fall within the definition of "advertisement" under S275 and S305 of the SFA, e.g. information memorandum, would not be subject to the product advertisements requirements set out in the SF(LCB)R. This would appear to be in line with the existing clarification provided in Annex A of the FAQs on Fair and Balanced Advertising and other advertising restrictions (the "FAQs"), which state that communications permitted for offers made in reliance on prospectus exemptions (e.g., information memorandums, including term sheets or indicative term sheets, pre-deal research publications, monthly product or fund factsheets) are not subject to the product advertisements requirements.

- (3) What does the MAS consider to constitute a "non-product advertisement" and what are the factors that it will take into consideration when assessing if a material should be deemed a "non-product advertisement". For example, our members are of the view that market insights, daily financial markets commentary and macroeconomic outlook papers, which may briefly mention certain strategies or investment approaches without any specific reference to how such strategies are deployed nor any performance or strategy characteristics, should not fall within the definition of non-product advertisements. Also, whether case studies which are disseminated or circulated to clients or prospective clients to highlight FI's capabilities in the context of corporate finance activities would fall within the definition of "non-product advertisements". These case studies contain factual and publicly available information on past deals and do not contain statements or recommendations by FIs that promote or solicit investments in products or services.
- (4) Whether under the proposal, the guidance in the FAQs will be retained, in particular, Annex A of the FAQs which sets out guidance on certain arrangements which are not regarded as "advertisements". We set out two examples below for MAS' consideration:

First, as a wholesale bank with clientele that are either corporates or FIs classified as II, AI or expert investors, the FI's sales staff frequently sends marketing materials/publications/market commentaries to these clients. These could be sent on a one-to-one basis or to a small group of clients, but the materials would always be customized and tailored to each of these clients. We understand based on the FAQs that such materials would not be considered as "advertisements". Given the proposed changes in the regulations, we are of the view that it is important that the guidance set out in the FAQs remains unchanged, and that such materials remain out-of-scope as "advertisements". We would also like to suggest that MAS makes it clear in the FAQs that materials which are sent to II/AI/Expert Investors ("EI") clients who are corporates/institutions can be considered out-of-scope, since these corporate/institutional clients would typically be sufficiently sophisticated to assess the merits of the "advertisements" for their own organisation.

Second, according to Item 2 of Annex A of the FAQs, research reports or analyses are not deemed as advertisements. We assume that the core characterization of a research report or analyses would not change with the proposed regulation changes so it would be helpful

if MAS can confirm. Accordingly, even with the proposed removal of the exemption for regulation 32C of the FAR, research reports or analyses produced by foreign research houses and distributed in Singapore by a financial adviser in Singapore would **NOT** be subject to the product advertisements requirements. Many global FIs have dedicated research teams, which may or may not be located in Singapore. Additionally, to maintain independence, the research arm within a financial group could be a separate legal entity. Imposing advertisements requirements on foreign research houses may lead to reduced access to research reports or analyses by Singapore investors, which would put Singapore investors at a disadvantage.

Research reports or analyses are currently compliant with the FAA requirements, particularly the Guidelines on Addressing Conflicts of Interest arising from Issuing or Promulgating Research Analyses or Research Reports (FAA-G13) and Guidelines on Addressing Conflicts of Interest arising from a Related Corporation Issuing or Promulgating Research Analyses or Research Reports (SFA 04-G06). FIs are already expected to ensure that their reports and analyses are objective, clear, fair, and not misleading. Therefore, we respectfully submit that the exclusion for foreign research houses would not affect the existing position that research reports are not “advertisements” for purposes of these advertising requirements.

Q2. MAS seeks feedback on the proposal to remove Securities and Futures (Licensing and Conduct of Business) Regulations 46(7)(b) and 46(7)(d), and where relevant, how the respective Regulations are used in relation to product advertising today.

Please refer to our response to Question 1.