

22 November 2016

ENHANCEMENT OF PRIVATE BANKING CODE OF CONDUCT

Private banks have enhanced disclosure standards in the Private Banking Code of Conduct (PB Code). The enhanced standards expand on the existing requirement for private banks to ensure that a client is informed of the key terms of transactions. Private banks will provide clients with a fee schedule at account opening, which sets out fees, charges and other quantifiable benefits (including commissions, rebates and retrocessions) for all investment products and services. Private banks will also disclose any rebates received from selling new bond issuances to clients prior to each transaction.

Tan Su Shan, Co-Chair of the Private Banking Industry Group and Group Head of Consumer Banking & Wealth Management, DBS Bank said, "The Private Banking Code of Conduct (PB code) is an industry code that sets the benchmark of market conduct and staff competency standards for the private banking industry in Singapore. The recent changes to enhance the transparency of fees and disclosure of bond placement fees is welcomed and fully supported by banks here as this is good practice in light of the growing demand for bonds by private clients. For Singapore to continue to build a sustainable and strong wealth management hub here, it is important for industry players and stakeholders to continue to evolve and enhance these standards, so this is a move in the right direction."

"We welcome and fully support this move towards greater transparency to clients. These enhanced standards serve to safeguard the integrity and reputation of Singapore's financial system and further entrench its position as Asia's premier wealth management hub.

As the largest independent private bank to be headquartered in Singapore, Bank of Singapore is mindful of the importance of promoting good industry practices and enhancing investor confidence in Singapore as a financial centre of excellence. We are continuously reviewing and strengthening our various frameworks, processes and training programmes to fully embrace the Private Banking Code of Conduct in order to raise the competency of our staff and to foster high market conduct standards," said Mr Marc Van de Walle, Global Head of Products, Bank of Singapore.

Francesco de Ferrari, Credit Suisse's Head of Private Banking Asia Pacific who currently represents the bank on the Private Banking Industry Group Executive Committee, commented, "The Code of Conduct is a critical set of guidelines for the wealth management industry. As the industry, the regulatory and market environment as well as clients' expectations continue to evolve rapidly, such progressive enhancements to improve transparency are important to ensure all players will continue to do the right things for our clients and our talent. This will enable our own individual businesses as well as the overall wealth management industry in Singapore to grow sustainably in the long run."

At the same time, the ABS Code of Consumer Banking Practice is also amended to include the requirement to disclose bond rebates.

Background Information

The PB Code was launched in April 2011 as a result of an industry-led effort to enhance the competency of private banking professionals and foster high market conduct standards.

The PB Code seeks to promote good industry practices and contribute to the long-term sustainable growth of the private banking industry in Singapore, and is periodically reviewed and updated by the Private Banking Industry Group (PBIG).

Changes to the PB Code

Existing disclosure standard in PB Code

Ensure that the client is provided with key terms of the transaction. This may include and would not be limited to the following:

- (a) Applicable fees and charges;
- (b) Conflicts of interest, if any;
- (c) Key risks associated with the transaction such as those associated with leverage and margin financing; and
- (d) Termination clauses.

(Ref: page 22, paragraph 6.4.4)

Enhancement to disclosure standard

From 1 Oct 2016:

Specific disclosure of bond rebates at transaction level

(Ref: page 23, paragraph 6.4.11)

By 31 Mar 2017:

- Disclosure of quantifiable benefits (pages 22-23, paragraphs 6.4.7 to 6.4.11)
- Mandatory dissemination of fee schedule (page 22, paragraph 6.4.7)
- Prohibition of retrocessions for products purchased under discretionary portfolios

(Ref: page 23, paragraphs 6.4.12 to 6.4.13)

A copy of the updated Private Banking Code of Conduct can be found in the ABS website:

<https://www.abs.org.sg/industry-guidelines/private-banking>

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About The Association of Banks in Singapore

The Association of banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its member closer together through various guideline and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership 158 local and foreign banks. Further information on ABS is available on the website: www.abs.org.sg.