# RESPONSE TO CONSULTATION PAPER

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| **Consultation topic:** | Measures to address the risks posed by the use of sign-on incentives in the recruitment of financial advisory representatives |
| **Name1/Organisation:** 1if responding in a personal capacity |  |
| **Contact number for any clarifications:** |  |
| **Email address for any clarifications:** |  |
| **Confidentiality** |
| I wish to keep the following confidential:  | *(Please indicate any parts of your submission you would like to be kept confidential, or if you would like your identity to be kept confidential. Your contact information will not be published.)* |

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| **General comments:***<Please input comments here>* |
| 1. MAS seeks comments on the following:
2. Whether the cap on sales target should be extended beyond the first year
3. Whether there are other factors (besides those that are set out in paragraph 3.3) that should be considered when setting sales targets for the second year

*<Please input comments here>* |
| 1. MAS seeks comments on the following:
2. Whether the sign-on incentives that are tied to sales targets, should be paid out over at least 6 years
3. Whether the first year payout should be capped at 50% of a representative’s average annual remuneration in the past 3 years, with the remaining sign-on incentives spread evenly over the remaining 5 or more years

*<Please input comments here>* |
| **Question 3.** MAS seeks comments on whether setting the threshold of a mass recruitment exercise at 30 or more representatives within a 60-day rolling period is reasonable.*<Please input comments here>* |
| **Question 4.** MAS seeks comments on the following:1. Whether the sign-on incentives should be adjusted depending on the persistency of regular premium life and A&H policies serviced by the representative at his previous FA firm, 2 years after the representative has left his previous FA firm
2. Whether the entitlement to the amount of sign-on incentives based on the persistency ratio of ring-fenced policies in Table 1 is appropriate
3. What would be an appropriate value for the normal threshold (“X”) within the range of 75% to 85%

*<Please input comments here>* |
| **Question 5.** MAS seeks comments on:1. The requirement to engage an independent external party to conduct 100% pre-transaction surveys, of which minimally 50% to be conducted via call-backs (paragraph 7.2 and 7.3)
2. The requirement for the hiring firm’s independent sales audit unit to conduct 10% post-transaction documentation review (paragraph 7.4)
3. Whether there are other safeguards FA firms engaging in mass recruitment exercises should put in place to mitigate the heightened risks

*<Please input comments here>* |