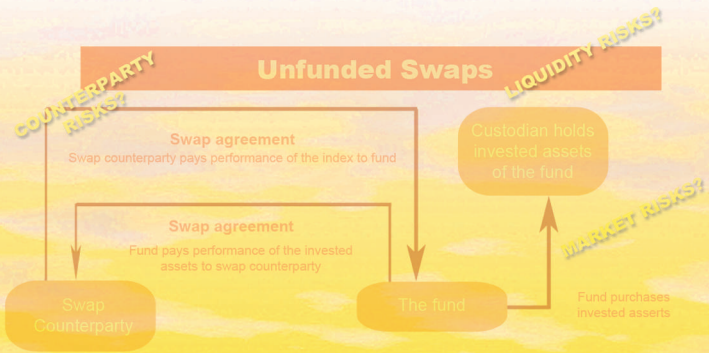




Monetary Authority of Singapore

Investing in Listed Specified Investment Products



MoneySENSE

A National Financial Education Programme for Singapore

Investing in Listed Specified Investment Products

- A quick guide for retail investors

There are many retail investment products today. Some products are more complex than others and have features that may be difficult to understand. To alert consumers, the Monetary Authority of Singapore (MAS) has categorised such products as Specified Investment Products (SIPs).

SIPs are derivatives or products which may contain derivatives. They have complex features and risks which can expose you to more factors which can cause a loss. It may also be difficult to assess returns or losses at the outset.

Some SIPs are listed on an exchange, for example, structured warrants, futures and certain exchange traded funds. Check with your financial institution to find out whether a product is an SIP.

Not all consumers have the knowledge or experience to assess an SIP's complex features. To help retail investors and financial institutions better gauge investors' understanding of SIPs, financial institutions are required, from 1 January 2012, to conduct a Customer Account Review (CAR) if a retail investor wishes to open an account to trade SIPs listed on an exchange. If the financial institution assesses that you do not meet the CAR criteria, you can still proceed to transact in SIPs, subject to safeguards put in place by the financial institution.

Q1: How will the financial institution assess if I have relevant knowledge or experience to trade in listed SIPs?

The financial institution must conduct a CAR to find out whether you have the knowledge or experience to understand the features and risks of derivatives.

The financial institution will request information on your educational qualifications, investment experience and work experience to assess whether you meet at least one of the following criteria:

- You have the relevant educational qualifications.
- You have a professional finance-related qualification.
- You have a minimum of three consecutive years of relevant working experience in the past 10 years.
- You have made at least six transactions in listed SIPs in the last three years.

You can find out from the financial institution, the outcome of the CAR.

Q2: Is the CAR compulsory?

The financial institution must conduct a CAR for retail investors who wish to open an account to trade listed SIPs.

Q3: If I do not meet the CAR criteria, can I still trade listed SIPs?

If you do not meet the CAR criteria and still wish to trade listed SIPs, you may do so but your financial institution will need to put in place additional safeguards.

- You can ask the financial institution for advice on whether a listed SIP is suitable for you. The financial institution must have a reasonable basis to recommend the products to you. The financial institution must explain to you the general features and risks of investing in derivatives.
- You will need to provide written confirmation to the financial institution that you intend to open a trading account to trade in listed SIPs.
- Senior management approval is required before the financial institution can open an account to trade in listed SIPs, and the financial institution may put in place lower trading limits.
- The financial institution must inform you in writing that you will be responsible for ensuring that you understand the SIP you intend to transact in.

Q4: How can I learn more about listed SIPs?

You can learn more about SIPs by logging on to the “Learning About SGX-Listed SIPs” module in SGX’s Online Education Programme on SIPs. This is available at <https://onlineeducation.sgx.com/specifiedinvestmentproducts/>

The learning module covers the features and risks of listed SIPs and ends with a quiz for you to check your understanding of these products.

Answering the quiz questions correctly may indicate that you have a basic understanding of SIPs, but does not necessarily mean that you have a good understanding of the particular SIP(s) you wish to trade in.

If you successfully complete the quiz, you should inform your financial institution. Your financial institution will assess whether you have the relevant knowledge to trade listed SIPs. You should also make sure you understand and are comfortable with the risks of the particular SIP(s) before you trade them.

Q5: How do I check if my financial institution or representative is authorised to provide advice?

You can refer to the following resources on the MAS website (www.mas.gov.sg):

- Financial Institutions Directory to check if the financial institution is authorised under the Financial Advisers Act (FAA) to provide advice on investment products; and
- Register of Representatives to check if the individual you intend to deal with is authorised under the FAA to provide advice on investment products.

Q6: How often should a CAR be conducted?

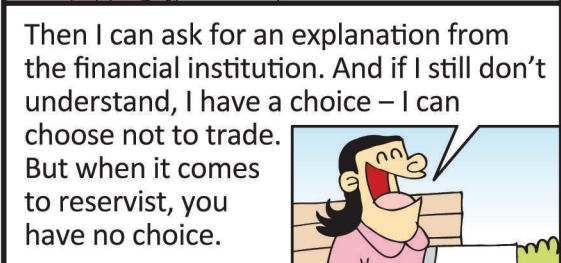
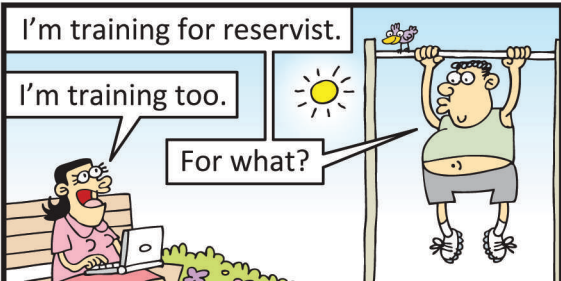
There may be regular reviews to assess if you continue to have the relevant knowledge or experience to trade in SIPs. MAS requires financial institutions to conduct such reviews if you have traded only once or not at all in the three years after the CAR was last conducted.

Key Points to Note:

There are many investment products available for sale to retail investors. Transact only in products you understand and which are suitable for you. The CAR helps you assess your understanding of derivatives before you decide to invest in listed SIPs.

The financial institution will ask you to confirm in writing that you understand the investment and any consequences that follow.

Always read all documents carefully and ask questions if you are unsure before deciding whether to proceed with the transaction.



Exercise caution. Learn about listed Specified Investment Products. Trade only what you understand.