



Insurance Seminar

Navigating the Evolving Regulatory Landscape and Key Compliance Concerns for Insurance Companies

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Governance, Accountability, Conduct and Culture

Introduction and Background

The Monetary Authority of Singapore (MAS) issued the Individual Accountability and Conduct Guidelines (IACG) to promote:



Ethical business practices that safeguard customers' interests and ensure fair treatment.



Prudent risk taking and robust risk management that support financial institutions' (FIs') safety and soundness.



The guidelines are accompanied by :

- A set of frequently asked questions ("FAQs") to help FIs achieve the five outcomes; and
- An information paper on good practices on Culture and Conduct Practices.

Most recently, on 8 September 2022, MAS issued a circular clarifying on one of the outcomes (Outcome 2) regarding the duties and responsibilities of SMs.

Reference sources:

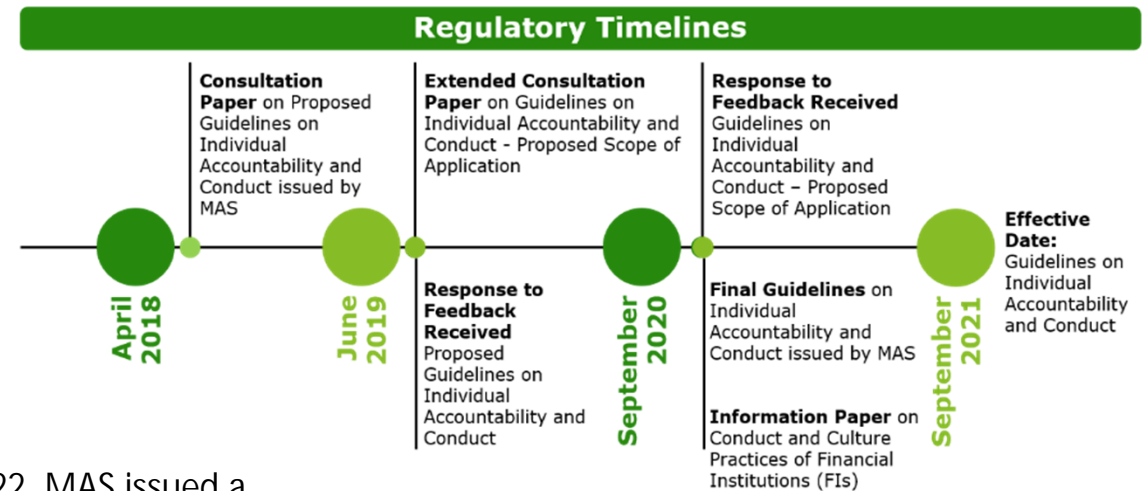
1. Guidelines on Individual Accountability and Conduct (September 2020)
2. FAQs on Guidelines on Individual Accountability and Conduct (September 2020)
3. Information Paper on Culture and Conduct Practices of Financial Institutions (September 2020)



Guidelines on Individual Accountability and Conduct and FAQs



Information Paper on Culture and Conduct Practices of Financial Institutions



Key Parameters of the IAC Guidelines

What organisations are covered?

- All FIs regulated by MAS are expected to achieve the five outcomes (certain exceptions have been set out e.g. exempt FIs).
- Individuals who are covered are known as “Senior Managers” (SMs) or “Material Risk Personnel” (MRPs)

How and when will the framework be applied?

- Implemented as guidelines (not exhaustive nor prescriptive)
- Outcomes-focused approach
- Proportional implementation (50-person headcount threshold)
- Frameworks, policies and procedures instituted at the Regional or Head Office levels may be applied and adapted to the Singapore operations, for the purpose of meeting the specific guidance under the five outcomes
- Contributes to easier tracing of personal liability
- Contributes to MAS ongoing supervision of FIs
- Effective date: 10 September 2021

Reference source:

1. Guidelines on Individual Accountability and Conduct (September 2020)

Increased Global Scrutiny of Culture and Enhanced Accountability

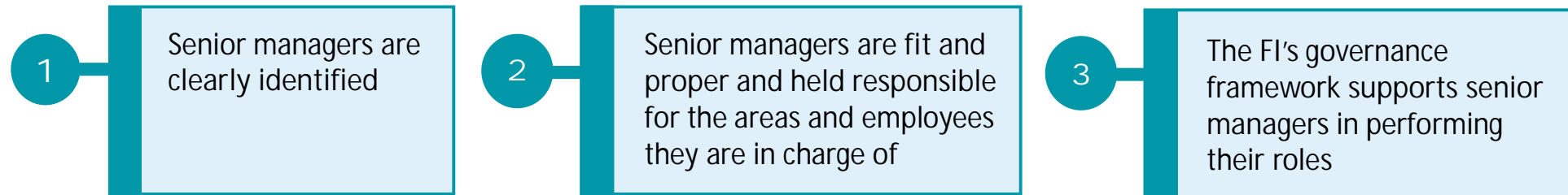
Organisations should be aware of global culture regulations and guidelines and aim to be promote compliance with the requirements. The map below shows recent global developments in conduct and culture guidelines from regulators globally.



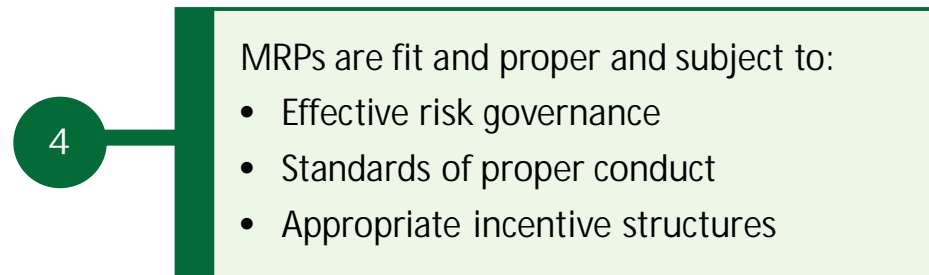
Areas of Focus for the MAS IAC Guidelines

The guidelines can be split into three key focus elements for FIs to identify and assess, as follows:

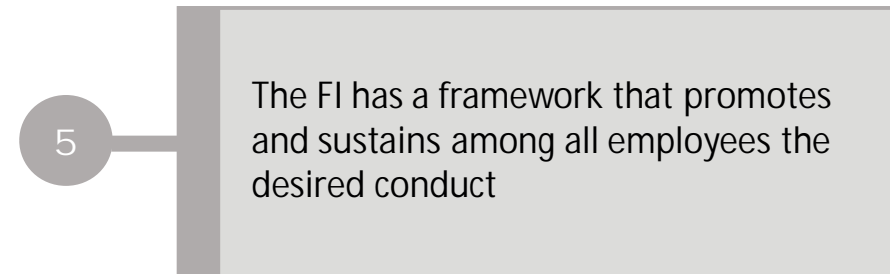
Promoting Accountability for Senior Managers



Strengthening oversight for Material Risk Personnel (MRPs)



Promoting Proper Conduct for All Employees

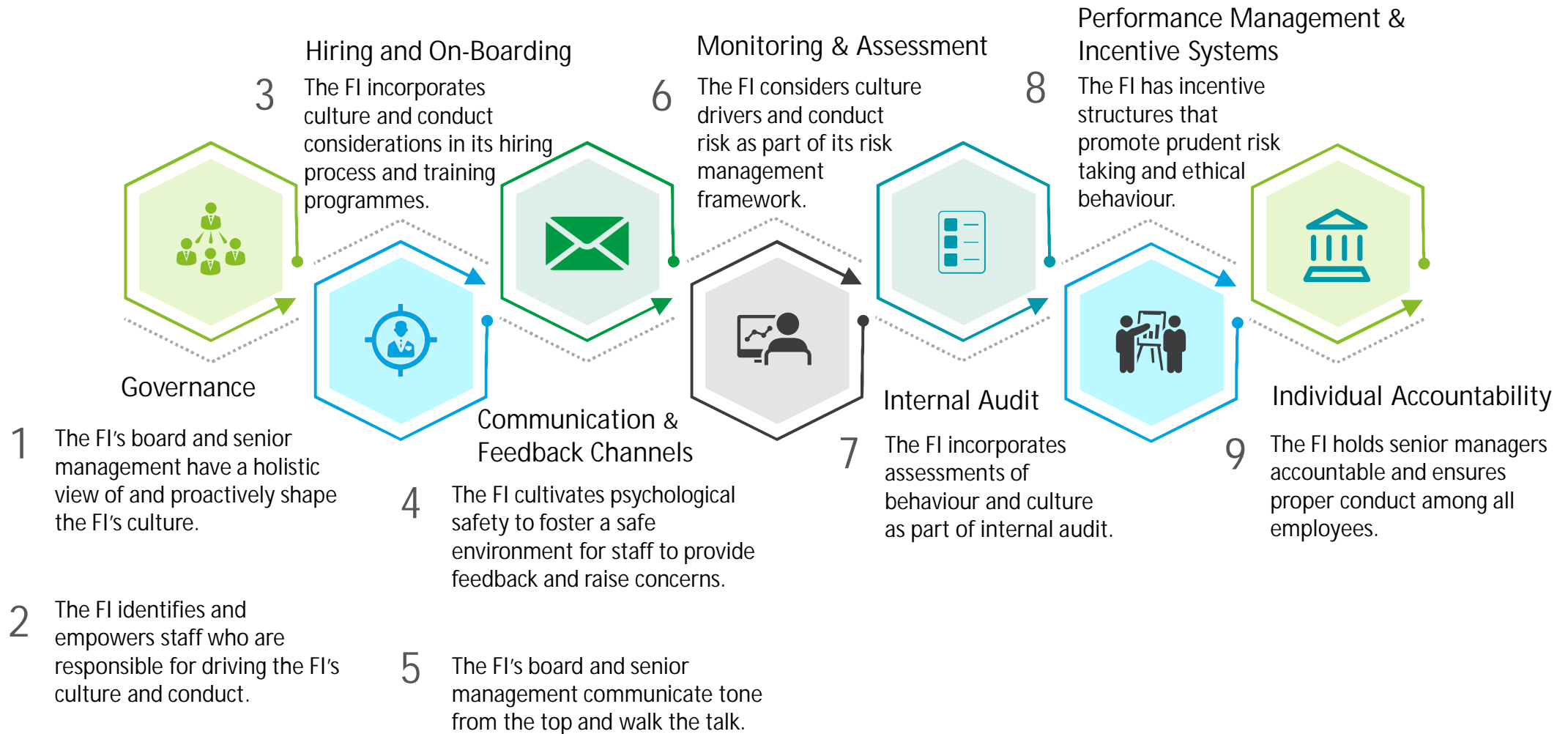


Reference source:

1. Guidelines on Individual Accountability and Conduct (September 2020)

MAS Information Paper on Conduct and Culture Practices

- Nine Conduct and Culture Outcomes FIs should work towards

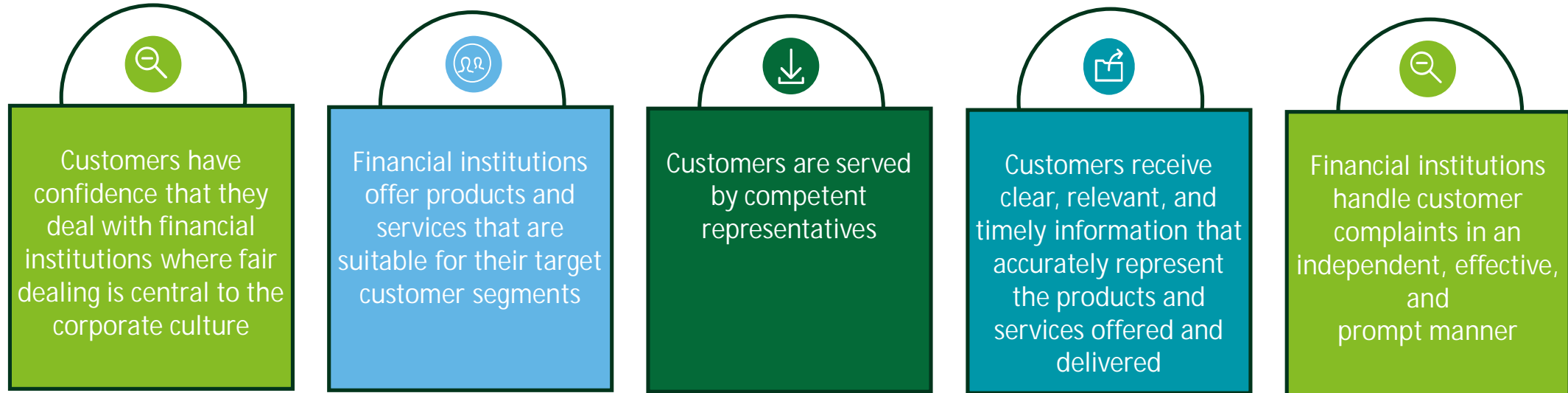


Reference source:

1. Information Paper on Culture and Conduct Practices of Financial Institutions (September 2020)

MAS Guidelines on Fair Dealing - MAS Expanded Application of Fair Dealing Guidelines to All Financial Institutions and All Products and Services (30 May 2024)

Financial institutions should duly consider the needs and interests of customers, and act accordingly throughout every aspect of their business to achieve this, from product design and governance, to marketing and sales, and in the provision of after-sales services and complaints handling.



- Clear Organisational Strategy, Priorities and Tone-from-the-Top
- Supportive Governance and Compliance Frameworks, Policies, Procedures and Practices
- Proper Implementation and Monitoring Mechanisms
- Fit and Proper, Competent and Trained Representatives
- Transparency and Disclosure
- Proper and Responsive Customer Complaints Handling Processes

Reference source:

1. Guidelines on Fair Dealing - Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers [FSG-G04] (May 2024)

Virtuous Cycle of Good Governance, Fair Dealing and Organisational Culture

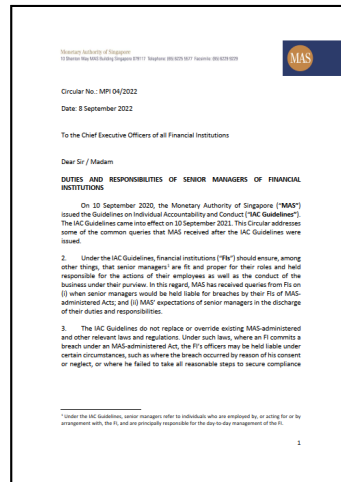
MAS' priorities on governance, fair dealing and culture are mutually reinforcing



MAS MPI 04/2022 Circular on Duties and Responsibilities of Senior Managers

The Circular, dated 8 September 2022, reinforces that Senior Managers (“SMs”) are to be fit and proper for their roles, and held responsible for the actions of their employees and the conduct of the business under their purview.

The Circular addresses some of the common queries that MAS received after the IACG was issued, as follows:



i. When SMs would be held liable for breaches by their FIs of MAS-administered Acts

- IACG does not replace/override existing MAS-administered and other relevant laws and regulations
- Whether SMs may be held liable, where FI commits a breach under MAS-administered Act, depends on circumstances e.g.:
 - Breach occurred by reason of the SM's consent or neglect
 - SM failed to take all reasonable steps to secure compliance with a provision in the Act

ii. MAS' expectations of SMs in the discharge of their duties and responsibilities

- Steps an SM is expected to take to discharge his duties/responsibilities may vary from case to case, depending on nature, scale and complexity of the FI's business
- MAS has set out in the Circular a non-exhaustive list as shown in the next slide
- SM acted in accordance with his statutory, common law and other legal obligations

MAS MPI 04/2022 Circular on Duties and Responsibilities of Senior Managers

SM has taken "reasonable steps" to:



- Understand and inform himself regarding matters under his purview and how these interact with the FI's wider business and risks



- Ensure effective governance, operational and risk management policies and arrangement for areas under his purview are implemented, complied with and monitored



- Ensure that any regulatory risks/concerns relating to his role and responsibility are addressed in a timely and appropriate manner



- Raise relevant issues and contribute views and information in order to facilitate effective collective decision-making, where an SM is part of a management committee



- Ensure that any delegation of responsibilities is to an appropriate person with necessary capacity, competence, knowledge, seniority & skill, and to oversee discharge of delegated responsibility effectively



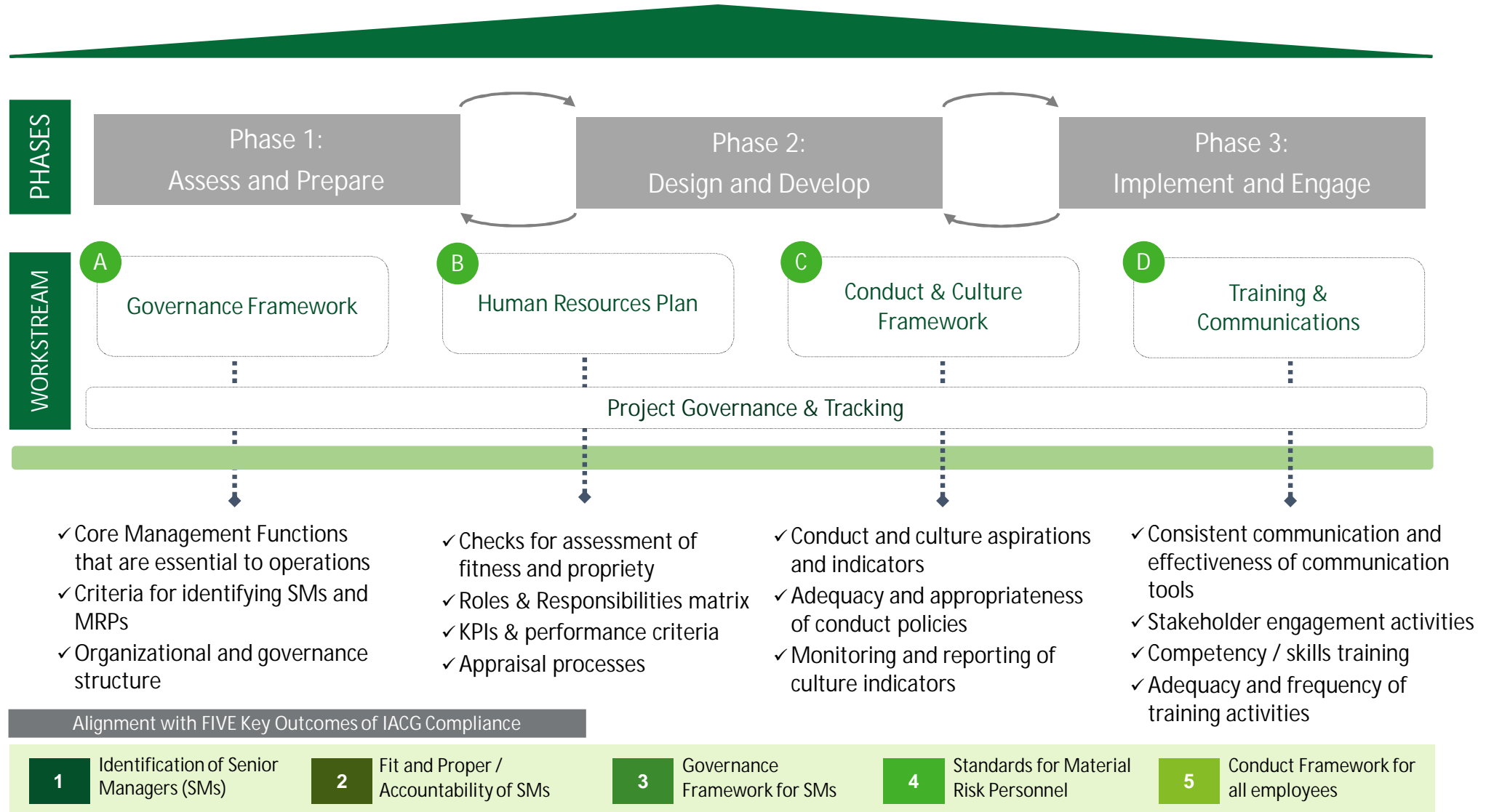
- Satisfy himself that the FI has appropriate P&Ps for reviewing the competence, knowledge, skills and performance of each individual member of staff to assess their suitability to fulfil their duties



- SM exercises reasonable diligence when considering the information available to him

Deloitte's Methodology and Overall Approach

Our methodology sets out four workstreams or focus areas that can drive a defined approach to set the foundation for an organization's compliance with the Guidelines.





Common Challenges

Learnings from our MAS Governance, Accountability, Conduct and Culture Review and Implementation Engagements

Governance



1. Lack of IACG implementation framework, including identifying responsible functions for driving implementation and monitoring outcomes
2. Absence of a clear governing body
3. Identifying SMs and MRPs from Head/Regional offices with different accountability/conduct regimes
4. Head/Regional Office overseeing SG/overseas branches, which may not be organised as a governing body
5. Absence of Quantitative criteria for MRPs
6. Absence of certain Core Management Functions in mid-sized firms, e.g., CDO, CRO, CISO
7. Treatment of functions (i.e. Internal Audit) which may be centralized in HO/Regional offices
8. Treatment of material outsourced services and SM responsible for such outsourced activities
9. Unclear/overlapping reporting lines
10. IACG framework for MRPs not in place (e.g., risk governance, tailored competency training, conduct rules in line with their activities etc.)
11. Treatment of Staff based in Singapore Office but who perform functions for the Wider Asia Region



Common Challenges

Learnings from our MAS Governance, Accountability, Conduct and Culture Review and Implementation Engagements

HR / Training



1. Performance / incentive frameworks lack adequate consideration to non-financial KPIs, behavioural and conduct issues
2. Lack of staff training and awareness on IACG/conduct issues
3. HR policies for expatriates, which differ from local hire HR policies, may not be in line with IACG framework
4. Challenges in imposing remuneration related schemes such as bonus deferrals, clawbacks for misconduct etc

Conduct and Culture

1. Lack of formalised Conduct Framework, Conduct Risk Framework, Culture Initiatives/Programme
2. Culture is not an agenda item for board/senior management meetings
3. Culture assessments are not conducted by Internal Audit
4. Lack of Conduct and Culture Monitoring Metrics and Dashboard



Conduct and Culture Metrics for Consideration

Categories and sub-categories of metrics adopted by Banks from Association of Banks in Singapore (ABS) paper on culture and conduct

Categories	#Metrics	#Banks	Positive	Forward-looking
Organisational Profile	13	3		
Accolades (e.g. Awards, League Tables)	1	1	●	●
ESG (e.g. Volunteerism, Diversity)	10	3	●	●
Media Coverage	1	1	●	●
Public Sentiment	1	1	●	●
People	31	9		
Enablement Index	1	1	●	●
Internal Mobility	2	2	●	●
Leadership	1	1	●	●
Manager	4	4	●	●
Mandatory Training	5	5		●
People Development	2	2	●	●
Recognition	1	1	●	●
Staff Turnover	5	4		●
Values / Engagement	10	5	●	●
Risk Management	6	3		
Risk Culture Communications/Programm	2	2	●	●
Self-Identified Issues	3	2	●	●
Self-Assessment	1	1		●
Customer	18	7		
Customer Complaints/Issues	13	7		●
Customer Compliments	1	1	●	●
Fair Dealing	2	2	●	●
Net Promoter Score	1	1	●	●
Sales Incentive Deduction	1	1		
Financial Crime / AML	11	6		
Financial Crime / AML	11	6		
Date / Systems	7	5		
Data Privacy Breaches	5	5		
Phishing Test	1	1		
Unusual System Access by Staff	1	1		

Categories	#Metrics	#Banks	Positive	Forward-looking
Incidents, Breaches & Misconduct	66	10		
Incidents	5	4		●
Operational Losses	2	2		●
Policy Breaches	2	2		●
Limit Breaches	3	3		●
New Product Approval Breaches	1	1		●
Supervision Breaches	2	2		●
Risk Appetite Breaches	2	2		●
Speak Up/Whistleblowing	8	6		●
Regulatory Breaches	8	7		
Conduct / Disciplinary Action	11	9		
Cross Border Policy Breaches	1	1		
Gift & Entertainment Breaches	3	3		
Global Markets Conduct	1	1		
Information Barrier Breaches	3	2		
Licencing Breaches	2	2		
Market Abuse Issues	1	1		
Mis-Selling	1	1		
Outside Business Interest Breaches	2	2		
Personal Dealing	7	7		
Research Conflicts of Interest	1	1		
Assurance & Testing	19	6		
Audit	9	5		●
Audit Rating on Management Awareness	2	1		●
Communications Surveillance	3	3		●
Compliance Testing	1	1		●
Gift & Entertainment Expenses Review	1	1		●
Mystery Shopping	1	1		●
Trade Surveillance	2	2		●

Metrics: The number of metrics in the banks' existing CCDs that relate to the categories / sub-categories. Similar metrics from different banks are counted as separate instances.

Banks: The number of banks that have existing metric(s) in their CCDs that relate to the categories / sub-categories.

Positive: Sub-categories of metrics that seek to measure and encourage positive behaviours.

Forward-looking Sub-categories of metrics that may indicate changes in culture or the control environment which may eventually lead to actual conduct issues in the future.

Reference source:

1. The Association of Banks in Singapore Industry Practice Note: Culture & Conduct Dashboards (May 2021)



Sample Conduct and Culture Dashboard

This dashboard tracks the performance of multiple metrics deemed by a financial institution to be relevant from a culture and conduct risk management perspective. The data from these metrics can be analysed individually, or as a group. The ability to review the data, from both a macro and micro perspective, may help with the prompt identification and management of any areas of concern.

- Metrics should link back to values / areas of concern
- Use both leading and lagging matrices
- Set appropriate thresholds
- Display data trends overtime
- Provide value add commentary and trend analysis

Conduct Metrics		Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Trend & Commentary
Conduct	People - Staff Conduct						
	Substantiated Staff Misconduct						
	Trading Limit Breaches						
	Mandatory Compliance Training Completion						
	Phishing Simulation Failure Rate						
	Self-Identified Data Leakages	xx	xx	xx	xx	xx	
	Customers						
	Customer Complaints (investment & Insurance)						Amber rating in Q1 24 due to ...
	Fair Dealing Score						
	Mystery Shopping Scores	xx	xx	xx	xx	xx	
	AML						
	Suspicious Transaction Reports	xx	xx	xx	xx	xx	
	Overdue Name Screening Alerts	xx	xx	xx	xx	xx	
	Regulatory Breaches						
	Regulatory Breaches						
Cross Border Policy Breaches							
Culture Metrics	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Trend & Commentary	
Employee Survey Results						Next Employee Survey scheduled in Sep 2024.	
Overdue Mandatory Training Statistics	Refer to Line Graph on page xx of the report						
Speaking Up Programme - Number of Disclosures Received		xx	xx	xx	xx		
Attrition Rates	Refer to Bar Chart on page xx of the report						

Reference source:

1. The Association of Banks in Singapore Industry Practice Note: Culture & Conduct Dashboards (May 2021)

Information Paper on Good Practices for Licensed and Exempt Financial Advisers

Introduction and Objective



Applicability

- Financial Advisers that deal primarily with retail clients
- Last Revised Date: 31 July 2024

Objective

- Assist FAs in enhancing their advisory and sales process, the competency level of their representatives, and the complaints handling and compliance functions

Topics



Advisory and Sales Practices



Training and Competency



Recruitment of Representatives



Complaints Handling Process



Compliance

Reference source:

1. Information Paper on Good Practices for Licensed and Exempt Financial Advisers (July 2024)



Good Practices for Advisory and Sales Practices



Sales Involving Use of Central Provident Funds ["CPF"] for Investment

- FA representatives should be required to inform clients of the current interest rates payable under the CPF Ordinary and Special Accounts, and the minimum interest rate guaranteed under the CPF Act
- Clients should fully understand the opportunity cost of using their CPF savings for investments

Maintaining Records on Types of Advice

- Proper systems & controls should be implemented to evaluate performance and monitor the extent of needs-based advisory activities conducted by representatives
- One useful way to categorise the type of advice provided by representatives:

"Full Fact-Find"	"Partial Fact-Find"	"Product Advice"	"No Advice"
<ul style="list-style-type: none"> ✓ Client discloses all information requested by the FA ✓ Wishes to receive recommendation on product suitability 	<ul style="list-style-type: none"> ✓ Client discloses only partially the information requested by the FA ✓ Wishes to receive recommendation on product suitability 	<ul style="list-style-type: none"> ✓ Client does not wish to undergo full or partial fact-find and needs analysis ✓ Wishes to receive advice from the FA on a particular type of product based on his specific instructions 	<ul style="list-style-type: none"> ✓ Client does not wish to undergo fact-find, needs analysis, or receive recommendation on product suitability





Good Practices for Advisory and Sales Practices

Measures to Ensure Quality of Financial Advisory Services

- To get feedback on the sales process and quality of advice provided by their representatives as well as to assess the effectiveness of controls implemented for the financial advisory process
- Introduce additional measures such as mystery shopping and client callback exercises

Remuneration Structure for Representatives

- Other key measures besides achievement of sales targets and quotas should be considered when formulating remuneration structure for representatives
- Examples include records on cancellation/switching of designated investment products, proportion of transactions conducted with full or partial fact-find, persistency ratio for sales of life policies, compliance records



Review of Basis for Recommendations Made by Representatives¹

- Supervisors should be required to review recommendations made by representatives for sales of unit trusts and life policies within the 7- day cancellation period and 14-day free-look period respectively to ensure suitability for the client, in a timely manner

Use of Gifts

- Policies should ensure that gifts offered are of nominal value relative to the amount invested by clients
- The conduct of representatives should be monitored to ensure that gifts do not become the main focus of any transaction

Reference source:

1. Notice FAA-N16 – Recommendations on Investment Products (September 2021)



Good Practices for Advisory and Sales Practices



Disclosure of Information to Clients¹

- It is useful to provide representatives with a checklist to guide them on the types of disclosures and documents to be provided to clients when conducting financial advisory activities
- FAs should provide their representatives with the necessary training to ensure that they understand the requirement for disclosure of remuneration
- This includes what information needs to be disclosed, and how and when the disclosure should be made to clients

Use of Electronic Financial Planning Tools

- FAs using system-based financial planning tools should regularly test and update their tools to ensure that they remain relevant
- Ensure that all representatives are properly trained before they are allowed to provide advice to clients using the tools
- For FAs that employ both manual and electronic versions of their financial planning tools, it is important that they exercise care in ensuring that clients receive the same quality of advice regardless of which version of the financial planning tool is used

Cancellations and Switching of Designated Investment Products²

- FAs need to institute clear systems and procedures to ensure that:
 - ✓ Their representatives do not make any switching recommendations that are detrimental to clients
 - ✓ Proper disclosures are made to clients when a switch is recommended

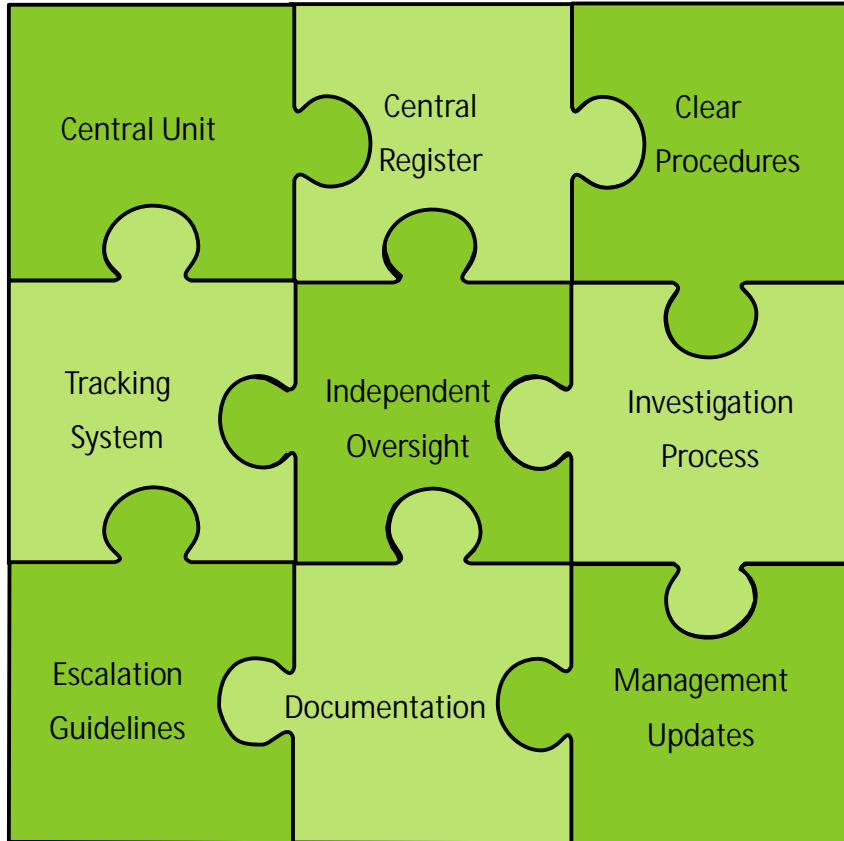


Reference sources:

1. Section 34 of the Financial Advisers Act 2001, Notice FAA-N03 – Information to Clients and Product Information Disclosure (October 2018), FAA-PN01 – Practice Note on the Disclosure of Remuneration by Financial Advisers (October 2018)
2. Notice FAA-N16 – Recommendations on Investment Products (September 2021), FAA-G10 – Guidelines on Switching of Designated Investment Products (October 2018)



Key Components of an Effective Complaints Handling Process



- Central Unit: Receives all complaints
- Central Register: Records all complaints against the FA and/or its representatives
- Clear Procedures: Clearly defined methods for handling complaints, including response times and alternative redress mechanisms
- Tracking System: Monitors each complaint’s progress from receipt to resolution
- Independent Oversight: Ensures objective handling of complaints
- Investigation Process: Independent process to gather evidence, validate complaints, and take appropriate action
- Escalation Guidelines: Criteria for when a complaint warrants management intervention
- Documentation: Clear records of investigations, conclusions, and actions taken by the FA
- Management Updates: Regular reports to management about received complaints to identify trends or areas of weakness

* Regulations and Guidelines: Financial Advisers (Complaints Handling and Resolution) Regulations 2021 and Guidelines on Standards of Conduct for Financial Advisers and Representatives [FAA-G04] (November 2010)



Key Elements of a Strong Compliance Function

1

Non-delegation of Compliance:

Operational units should not be given full compliance responsibility due to inherent conflicts of interest and potential inconsistencies

2

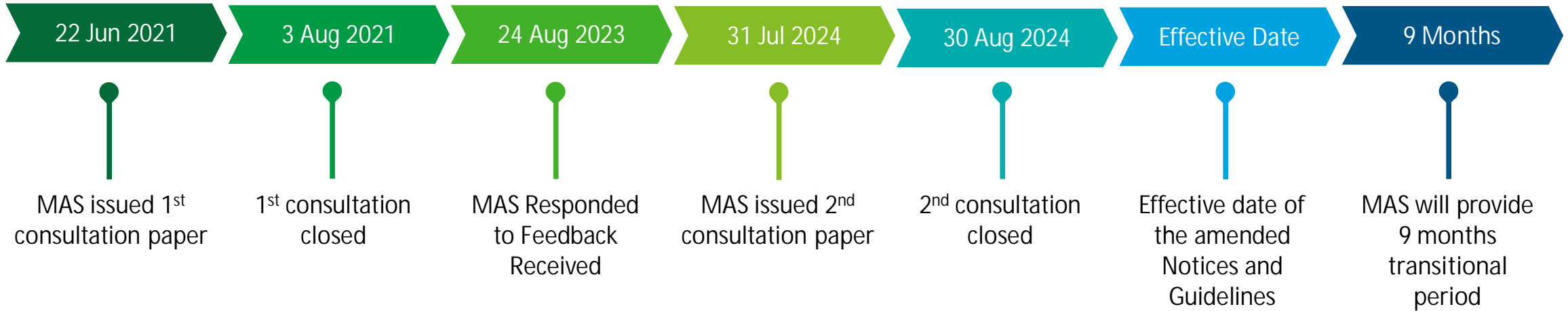
Elements of Effective Compliance:

- Compliance Program: Approved by senior management, outlining roles, responsibilities, and audit schedules
- Work Procedures: Formalized procedures, processes, and tools to aid compliance staff
- Duty Segregation: Separate duties between the compliance function and the advisory and sales function
- Reporting Lines: Independent reporting lines to management
- Resources: Sufficient resources for proper discharge of compliance duties
- Management Involvement: Active involvement of management on the findings of the compliance audits
- Non-compliance Guidelines: Formalized guidelines on dealing with instances of non-compliance

Consultation Paper on Proposed Legislative Amendments to the Requirements for Enhancing Pre and Post- Transaction Safeguards for Retail Clients



MAS Consultation Overview



MAS received diverse feedback from industry stakeholders on the first consultation paper which aimed to strengthen the safeguards for retail clients in their financial transactions.

In response to the feedback, MAS made refinements to the original proposals:

- Pre-Transaction Safeguards: Simplified some of the disclosure requirements and provided more flexibility in assessing the suitability of products
- Post-Transaction Safeguards: Introduced more proportionate measures for ongoing monitoring and reporting, particularly for lower-risk products

MAS issued second consultation paper builds on the previous consultation and response, focusing on proposed legislative amendments to the Notices and Guidelines to formalize the enhanced safeguards

Reference source:

1. Consultation Paper on Proposed Legislative Amendments to the Requirements for Enhancing Pre and Post- Transaction Safeguards for Retail Clients (July 2024)



Key Amendments to FAA-N16: Notice on Recommendations on Investment Products¹

1

Pre-Transaction Checks

- Mandatory pre-transaction checks (i.e. documentation reviews² and call-backs) before a transaction occurs
- Where the transactions are time-sensitive and do not have a free-look or cancellation period, FA firms are allowed to complete the pre-transaction checks within 5 business days from the effective date of the transaction
- If a product is found unsuitable during post-transaction checks, FA firms must allow clients to modify or cancel the transaction without penalties, such as bearing investment losses or incurring fees
- In cases of transactions involving Selected Clients ("SCs") and Selected Representatives ("SRs"), it is mandatory that pre-transaction checks are completed in full before the transaction can proceed. No exceptions are permitted
- Any issues identified during pre-transaction checks must be rectified before the transaction is finalized. If checks occur post-transaction, rectification should happen promptly

1. Investment product means any capital markets products, spot foreign exchange contracts other than for the purposes of leveraged foreign exchange trading any life policy or any other product as may be prescribed.
2. A financial adviser must review all documentation, required under this notice, to verify if the Non-sales KPIs were met, including the documentation required for compliance with the sections "Needs Analysis" and "Know Your Client".



Key Amendments to FAA-N16: Notice on Recommendations on Investment Products

2

Pre-Transaction Call-backs

- FA firms must cover specific information during pre-transaction call-backs, including:
 - Basis of recommendation;
 - Product features risks;
 - Free-look period;
 - Key risks and limitations;
 - SC's opportunity for a trusted individual (TI) presence; and
 - The professionalism of the representative
- The call-back with a client must be audio recorded (includes video recording). If audio recording is not feasible, the call-back can proceed as an unrecorded call-back or meeting, provided that certain conditions are met
- Call-backs should involve reiterating key information and confirming client understanding, as well as verifying that SCs were offered a TI and assessing the representative's conduct
- MAS is open to a non-prescriptive approach where FA firms design their own questions, focusing on ensuring clients understand the product, SCs had the option for a TI, and the representative's conduct was appropriate. Questions should encourage thoughtful responses rather than simple "yes or no" answers
- If the call-back reveals that the client does not understand the product or there are inconsistencies in responses, the FA firm should not proceed with the transaction and must take corrective action



Key Amendments to FAA-N16: Notice on Recommendations on Investment Products

3

Mandatory Checks where Clients Transact in Non-Recommended Products

- FA firms must conduct checks when a client chooses not to follow their recommendation and opts for a different investment product. FA firms must document the client's decision to reject the recommendation and acknowledge the client's responsibility for ensuring the suitability of the chosen product.
- For SCs and clients of SRs, FA firms must conduct a call-back to confirm the client's decision, understand the reason for rejecting the recommendation, and ensure the client is aware of their responsibility for the product's suitability
- All checks for Clients of Non-Recommended Products must be completed before the transaction's effective date

4

Language Proficiency of Trusted Individual

- FA firms should request SCs to have a TI present during the sales and advisory process
- TI is allowed to be proficient in a language other than English, provided that the representative also conducts the advisory process in that language and all relevant sales documentation is provided in that language



Additional Amendments

1

FAA-N20 Notice on Requirements for the Remuneration Framework for Representatives and Supervisors (Balanced Scorecard Framework) and Independent Sales Audit Unit

- Independent Sales Audit unit to review pre-transaction call-back recordings or summaries

2

FAA-G14 Guidelines on the Remuneration Framework for Representatives and Supervisors (Balanced Scorecard Framework), Reference Checks, and Pre-transaction Checks

- Removal of Pre-Transaction Checks: Moved to FAA-N16
- Post-transaction checks should include documentation reviews that cover the following:
 - whether the representative had ascertained and documented if a client was an SC; and
 - whether the supervisor had performed the call-backs to SCs and clients of SRs in accordance with the requirements on call-backs under FAA-N16



Key Challenges for Implementation

1

Lack of process to differentiate transactions of non-SCs and SRs where pre-transaction documentation review is exempted and only required to be performed within 5 business days*

2

Practical challenges of audio-recording call-backs performed by supervisors and lack of audio-recording facilities by the insurer

3

Difficulty tagging/tracing the audio recording of the call-back to the corresponding transaction to allow provision to client upon request

4

Lack of controls to prevent FA from recommending investment products (e.g. ILPs) to clients who meet the criteria of SCs (but are not treated as SCs) and do not have adequate knowledge and experience of the underlying investment class

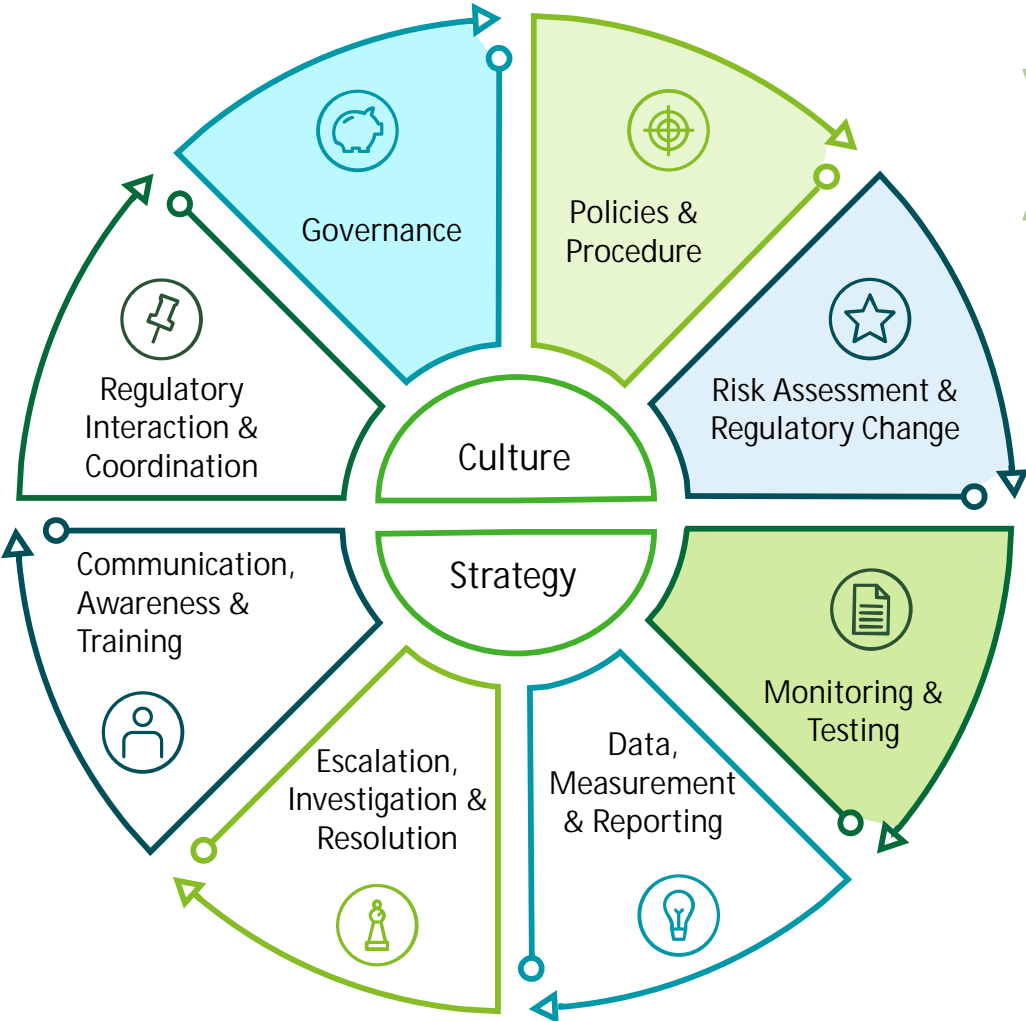
* The exemptions are permitted provided that:-

- (i) either the recommended investment product has a free-look period or cancellation period, or the transaction in the recommended investment product is time-sensitive and the recommended investment product has no free-look period or cancellation period; and
- (ii) the financial adviser has agreed to assume – (i) any fees or charges that are payable by the client arising from cancelling or modifying the transaction; and (ii) where the recommended investment product is an investment-linked policy with a free-look period, any adjustment that is made by an insurer to the sum recoverable by the client to reflect the change in market value of the underlying assets;

Key Features for an Effective Compliance Framework

Compliance Framework

ILLUSTRATIVE



Governance
 BoD/committee oversight of the compliance and ethics program, including sponsorship of a culture of compliance & ethics
 Executive leadership commitment to, and communication of the value of compliance/ethics
 Compliance org and operational leadership, structures, and processes, including roles and responsibilities

Policies & Procedures
 Defined protocols for issue, remediation, and risk/issue escalation
 Employee reporting and case management/ investigations systems that capture, prioritize, and assign accountability with regard to questions, issues, disclosures, and allegations

Risk Assessment & Reg Change ★
 Defined risk assessment strategy and approach to identify, quantify, prioritize, and respond to existing and emerging risks on a regular basis
 Integrated regulatory change management program

Monitoring & Testing
 Defined scope and frequency for monitoring and testing based on risk assessment results (including emerging risks)
 Point in time testing assesses both program design and operating effectiveness
 Ongoing monitoring programs to survey, review, and analyze business performance and risk indicators

Compliance Framework

ILLUSTRATIVE

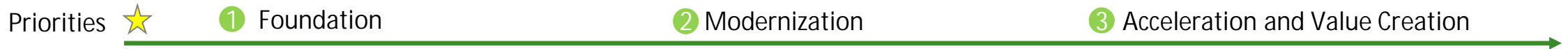
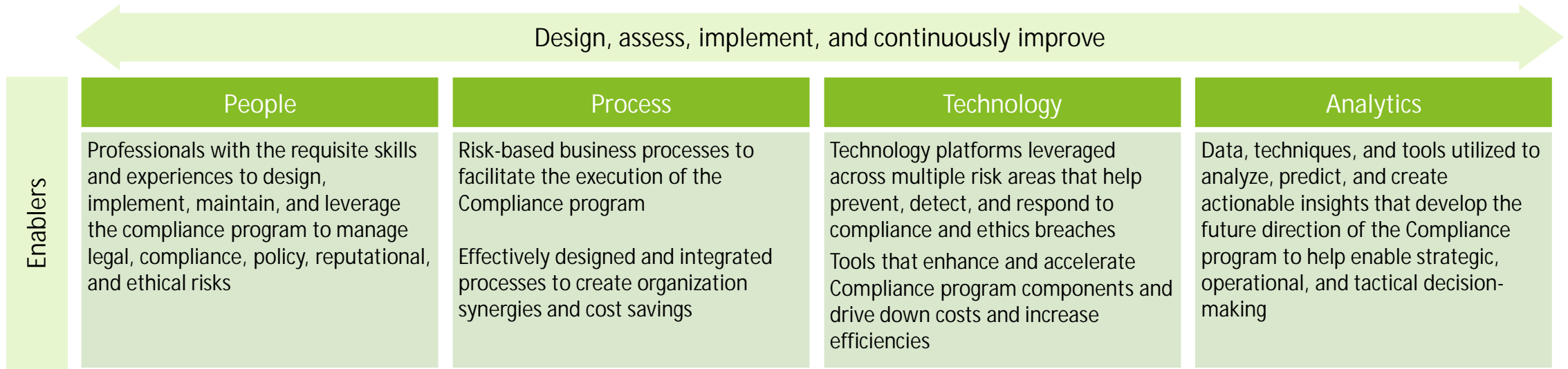


Regular measurement and reporting of risks, leveraging enabling technology
 Development of dashboards with easy display and analysis of concentrations, risk appetite breaches, and other risk/performance indicators (KRIs/KPIs) that, in part, demonstrate the value of the Compliance and Ethics program

Formalized policies (e.g., business, compliance and ethics program policies and codes of conduct), procedures, and related controls that address the complexity of business and risk appetite in mitigating compliance risk
 Protocols related to screening/analysis on new hires and leadership

Standard protocols in place to communicate with regulators
 Critical stakeholders identified to liaise and interact with regulators, including during examinations and in communicating exam outcomes
 An enterprise-wide view of recent and planned examination activities and findings

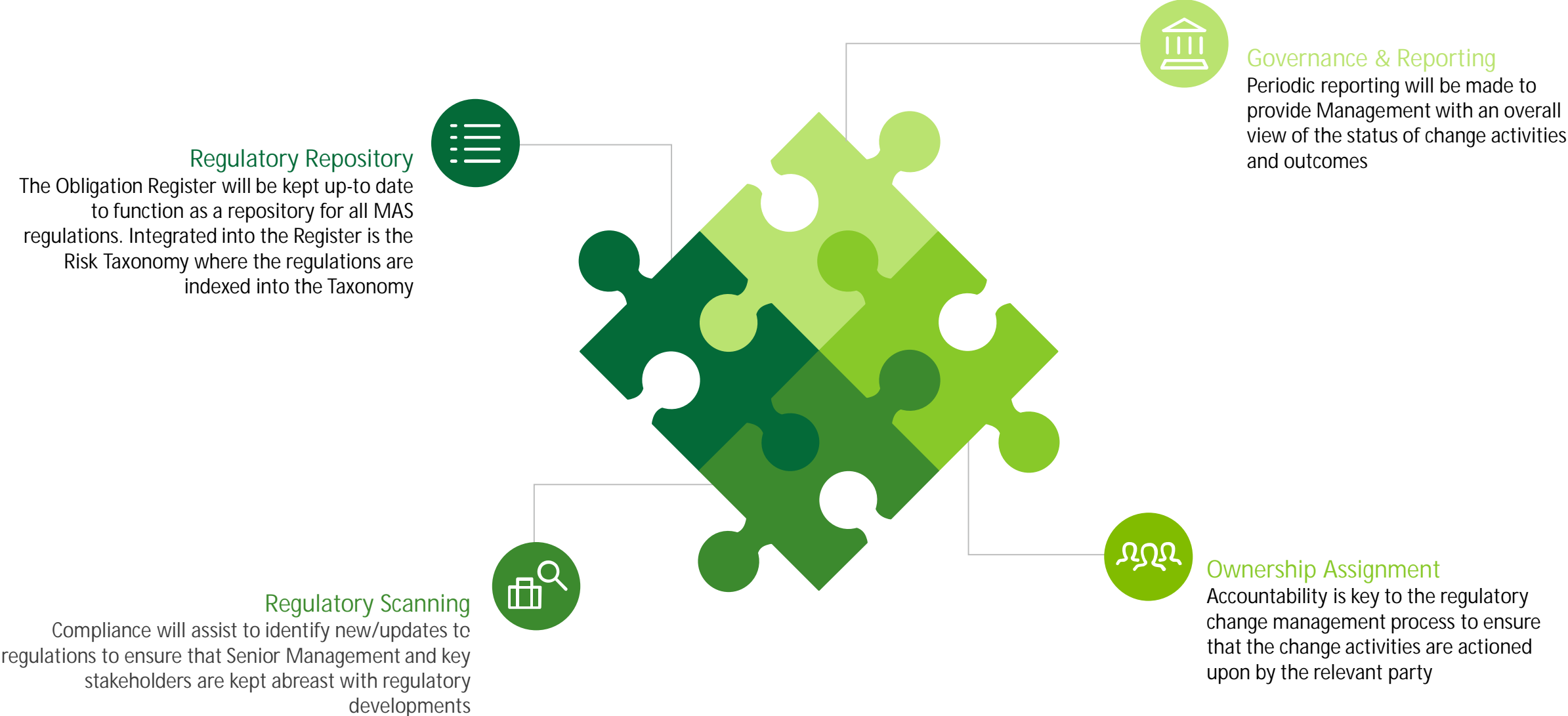
Timely and proactive communication plans based on business and/or regulatory changes
 "Speaking up" programs for employees to safely voice questions and concerns
 A training plan that is risk-based and has a defined scope at the enterprise and line-of-business/shared services levels, including role-based training



Compliance **Framework Implementation and Operationalization** - Compliance Framework will be implemented and operationalized through four focus areas that will access and build capabilities across all compliance framework components:

- Strategy to provide a clear vision on compliance; a defined approach for allocating resources to Compliance and integrate compliance activities; measuring compliance effectiveness
- Operating Model to develop approach for how Compliance is organized and interacts with functions across the organization
- Data & Technology to drive automation of the Compliance function through the usage of technology and data
- Taxonomy to develop a consistent way for assessing, measuring and reporting compliance

Regulatory Change Management Framework



Importance of Regulatory Change Management

Improved Accountability and Focus

- Provides a structured and consistent approach for identifying stakeholders involved in the Regulatory Change activities
- Develop a Change Ownership Framework to allow identification of owners to execute change initiatives

Structured Regulatory Change Management Process

- Agreed upon milestones for gap/impact assessment, implementation, approval and reporting of Regulatory Change outcomes and initiatives
- Defined Regulatory Change process with clear assigned roles on tasks, duties, timelines and accountability

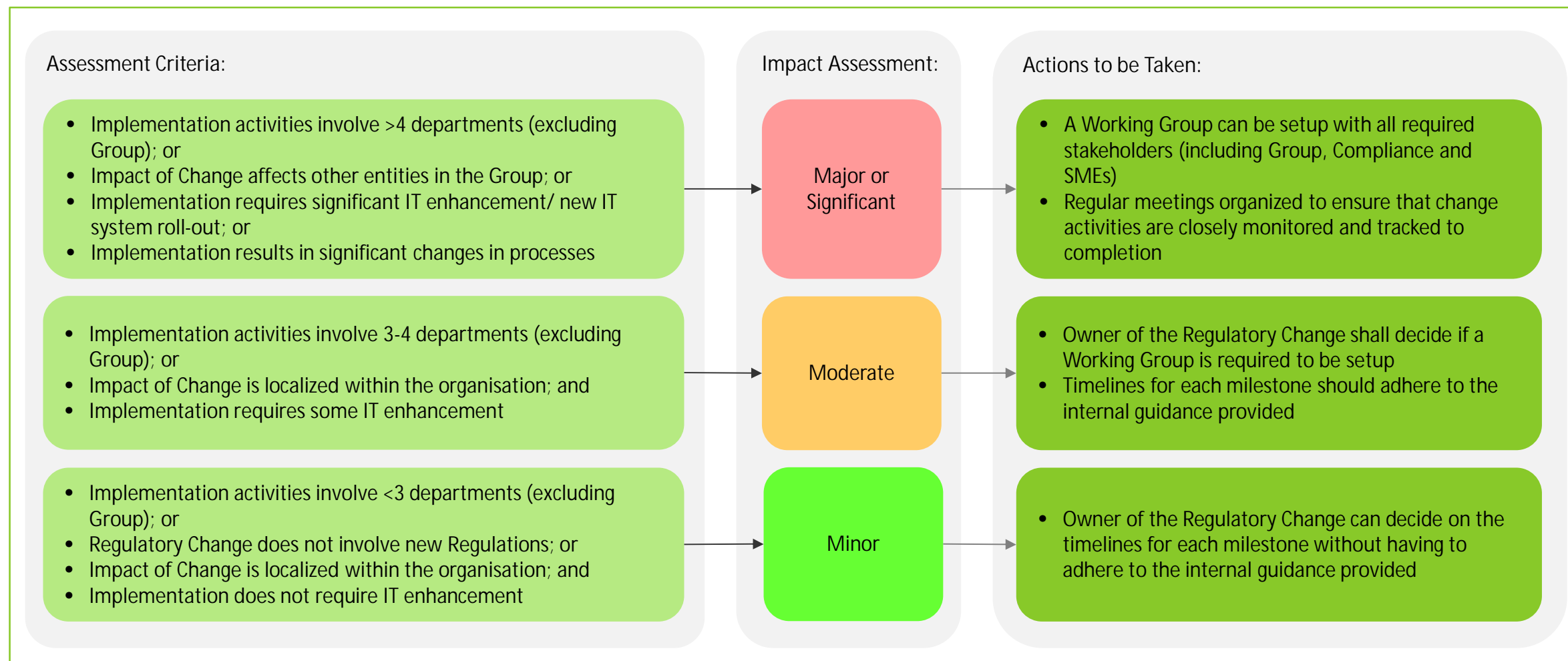
Effective Governance & Oversight

- Governing body identified to oversee change initiatives with regular reporting performed to monitor progress of change and ensure completion within stipulated timelines

Regulatory Change Impact Assessment

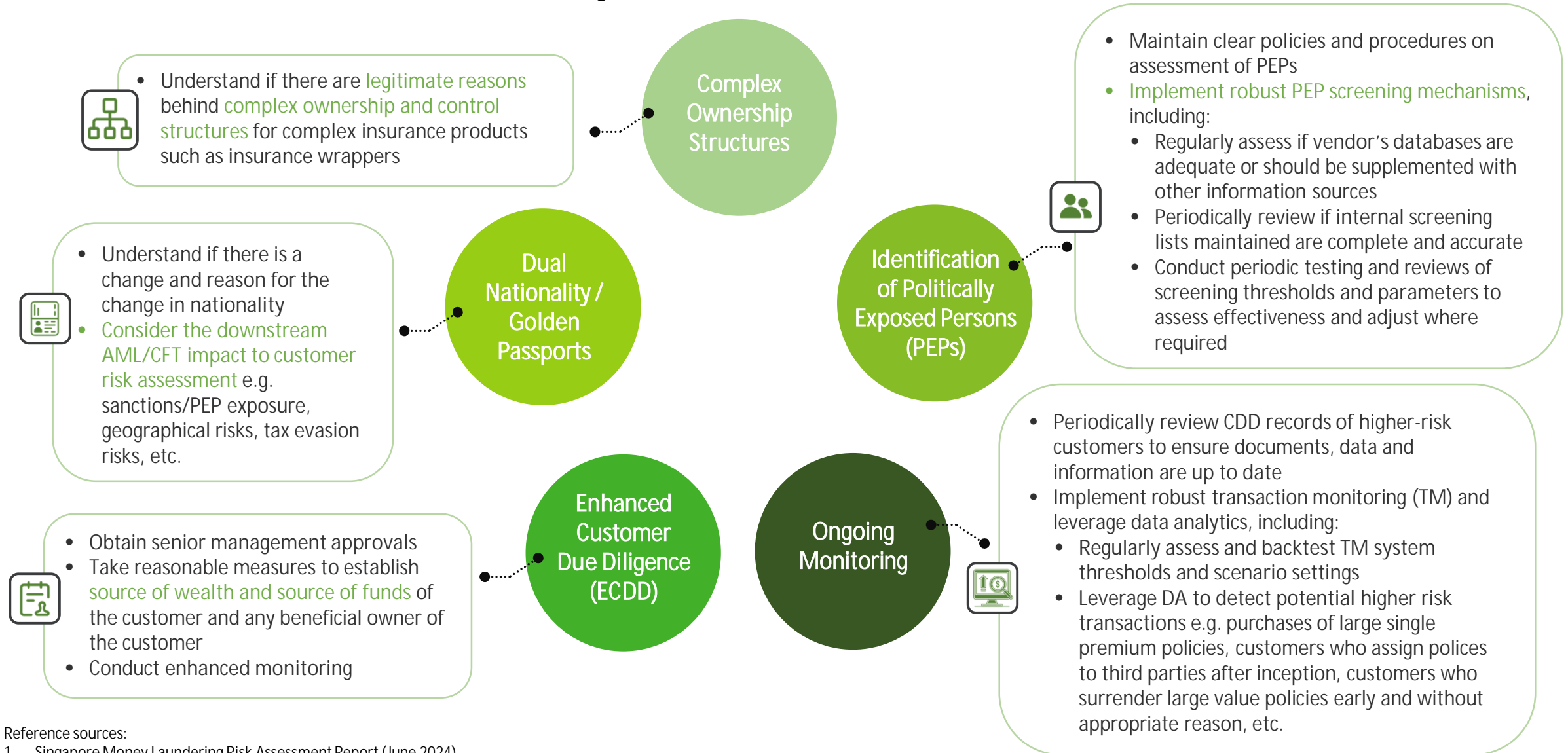
An impact assessment can be performed for all regulatory changes to assess the effort required for implementation.

The owner of the Regulatory Change shall assess the impact of the change with inputs from SMEs based on the Assessment Criteria set out below:



AML/CFT: Learnings from Regulatory Enforcement and Applications in Generative AI

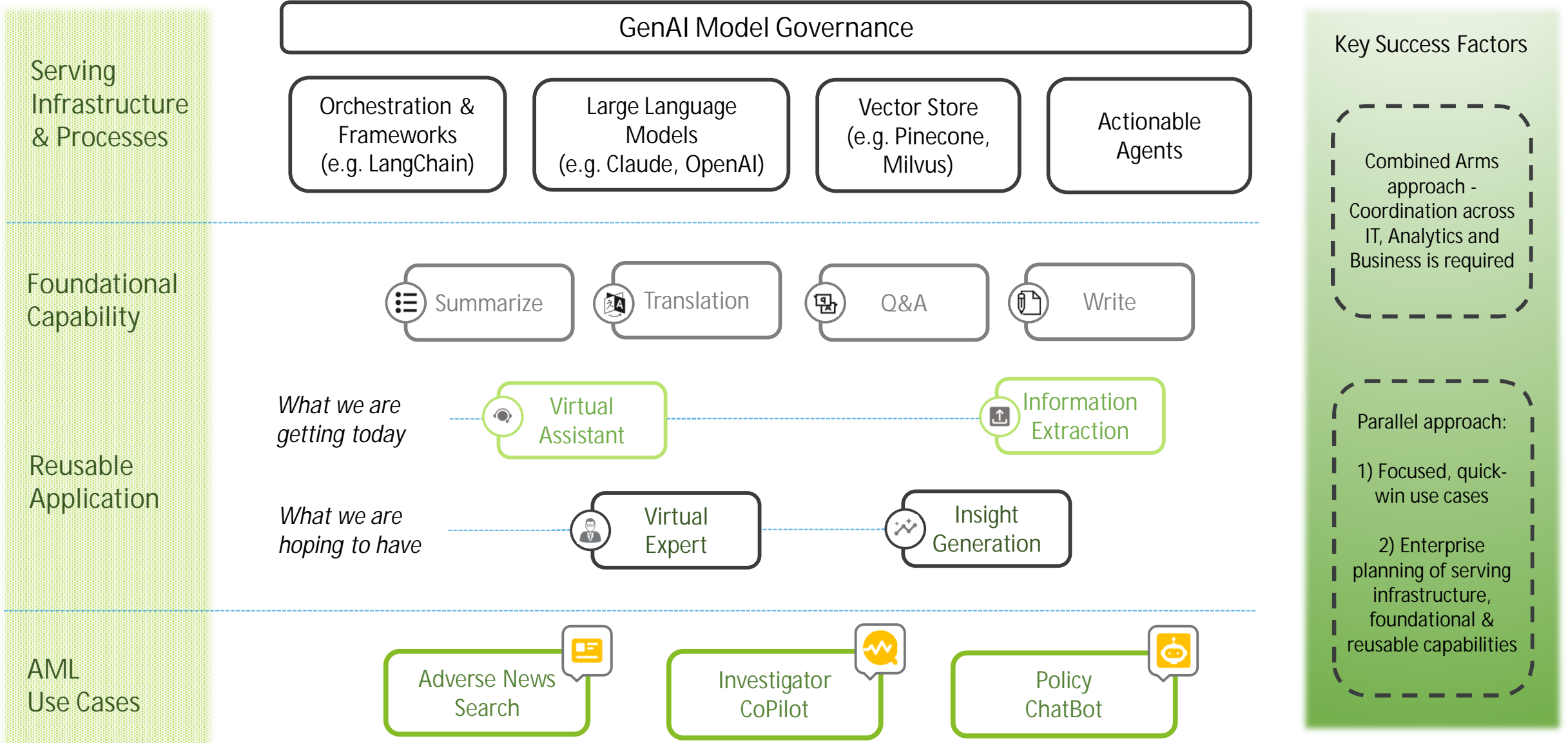
AML/CFT Enforcement Actions – Learnings for Insurance Sector



Reference sources:

1. Singapore Money Laundering Risk Assessment Report (June 2024)
2. MAS Information Paper – Strengthening AML/CFT controls and practices to detect and mitigate risks of misuse of legal persons/arrangements and complex structures (August 2023)
3. MAS Information Paper – Strengthening AML/CFT name screening practices (April 2022)

Generative AI for Financial Services – Applications in Insurance Sector



Key Success Factors

Combined Arms approach - Coordination across IT, Analytics and Business is required

Parallel approach:

- 1) Focused, quick-win use cases
- 2) Enterprise planning of serving infrastructure, foundational & reusable capabilities

Generative AI for Financial Services – Applications in Insurance Sector (Use Case Demo)

1 End to End Name Screening Journey



2 What Name Screening entails

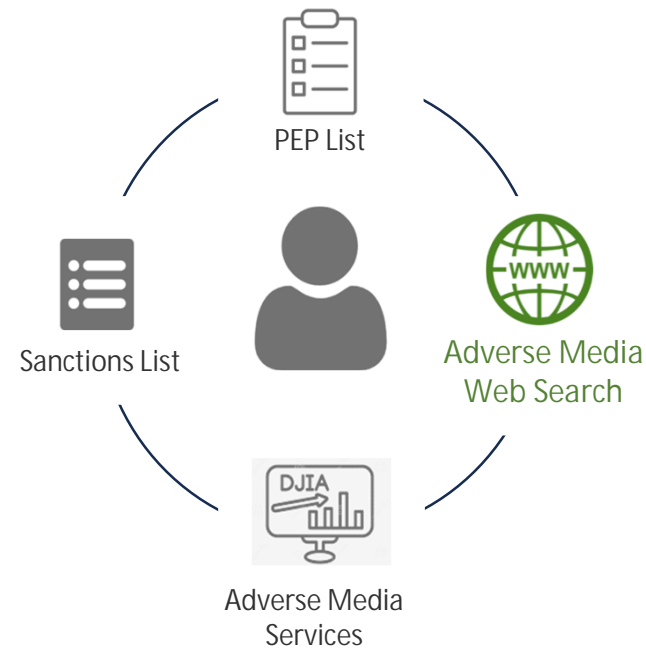
Names of parties to be screened are identified and screened against databases to identify associations with:

- Sanctions list
- Politically Exposed Persons (“PEP”) list,
- Adverse news

This is performed at:

- Customer onboarding
- Periodic review
- Event-driven trigger review

3 Missing Gap in the Market



4 Problem Statement

Adverse media services may not be sufficiently timely in identifying negative customer information.

Organisations today supplement this gap with time consuming Google searches of each name. It takes time to search, read, decide and document.

20 minutes per name across 1 million names, is a pain point.



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