

Independent Wealth Managers’ Code of Ethics

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Code of Ethics

The Code of Ethics (“Code”) is applicable to all its ordinary members (“Members”) of the Association of Independent Wealth Managers Singapore (“AIWM Singapore”) who operate as independent wealth managers in Singapore. Members are expected to conduct their business in an ethically responsible manner. Members shall commit to perform their business activities professionally and acknowledge the significant impact that their actions may have on the economic situation of their clients. Members shall strive to maintain and uphold the highest level of integrity, ethics and professional conduct to safeguard the interests of their clients.

- 1.1** The Code sets out the ethical requirements for its Members.
- 1.2** The Code aims to supplement relevant regulations and laws applicable to the independent wealth management industry in Singapore and to provide guidance in respect of the minimum standards of conduct applicable to Members. It does not intend to replace any legislation, regulations or guidelines issued by the relevant authorities in Singapore. Further reference shall always be made to such legislation, regulations or guidelines, and in the case of inconsistency with the Code, the former will prevail. The Code does not have the force of law and shall not be interpreted in a way that would contradict or replace the provisions of any law, regulations or guidelines issued by the relevant authorities in Singapore.
- 1.3** Members typically shall be deemed to be independent if Members are free to make decisions on investments and investment policies in the conduct of their business notwithstanding that a third party has a shareholding. With the exception of joint ventures, syndicates or other coordinated activities (done transparently in the interest of their clients),

Members shall not be bound by exclusivity agreements in the conduct of their business.

- 1.4** Members shall take organisational measures that are appropriate for the size and structure of their business to avoid conflicts of interest, including but not limited to the segregation of duties and setting up Chinese walls (limiting internal flow of information). Transactions must be carried out in the best interest of clients, aligned with their clients' risk tolerance and risk investment profile and in particular, the excessive trading of assets in a client's brokerage account (i.e. "churning") shall be avoided. Transactions that potentially give rise to a conflict of interest between the Member and their client shall be disclosed and consented by their client beforehand (this may be addressed in the client's mandate) and the transaction shall be carried out in a manner that does not disadvantage their client. Any conflicts of interest that cannot be prevented by means of appropriate organisational measures shall be disclosed to clients for their waiver and consent.
- 1.5** In respect of transactions planned or executed on behalf of Members' clients, Members shall issue appropriate directives to prevent pecuniary gains from being obtained through improper conduct. In general, Members may permit transactions that, based on volume, are a priori and not price-sensitive.
- 1.6** Members shall recommend banks and security dealers that provide the best possible executions in terms of service quality, pricing, timing and size, taking into account risks such as the possibility of a counterparty defaulting. Members shall not unduly influence their clients' choice of banks and/or dealers in furtherance of their own financial interests and shall take reasonable steps to ensure that their client shall have the final choice in respect of which banks and/or dealers to use.

- 1.7** Members shall provide their investors with suitable and high-quality investment advice.
- 1.8** Members shall disclose to their clients and prospective clients the general principles in respect of the Members' investment decision-making processes including but not limited to investment analysis, securities selection and portfolio construction. Members shall promptly disclose any changes that may materially affect such processes on an ongoing basis.
- 1.9** Members shall disclose to their clients and prospective clients the relevant risks and limitations associated with the Members' investment processes.
- 1.10** Members shall seek appropriate advice in respect of investment strategies and transactions which require specialised knowledge.
- 1.11** Members shall take into account their clients' overall financial situation, commitments and dependencies in order to ensure that suitable advice is provided when selecting investment policies for their clients.



Annex A – Code of Ethics Statement

Ordinary Members Only

CODE OF ETHICS STATEMENT

FOR THE CALENDAR YEAR 1 JULY (YYYY) – 30 JUNE (YYYY)

We acknowledge that, as an Ordinary Member of the AIWM Singapore, we are required to submit the Independent Wealth Managers signed Code of Ethics Statement ("**CES**") annually.

We hereby confirm that we have read and understood the Independent Wealth Managers' Code of Ethics ("**Code of Ethics**") published on AIWM Singapore's website (<https://www.aiwm.sg>) which may be amended from time to time.

Notwithstanding any previous disclosures to the AIWM Singapore or any other disclosures* as indicated below, we have complied with the Code of Ethics during the past calendar year, and that we will continue to comply with the Code of Ethics during the present calendar year.

We understand that failure to file the CES within the stipulated time may result in the revocation or suspension of our AIWM Singapore membership.

Disclosures (if any):

Dated this _____ day of _____ (Year)

On behalf of: _____ (Name of Company/Firm)

Name: _____

Designation: _____

Signature: _____

*This information is provided in strictest confidence and not to be taken as a representation or a guarantee by the Member and its signatory. No responsibility or liability for any damage resulting from or in connection with its use is assumed by the AIWM Singapore or by its officers, whether in tort, contract or otherwise howsoever. The information is highly privileged and is not to be furnished to another party without prior written approval from AIWM Singapore.

Annex B - Professional Best Practices Reference Manual ("*Reference Manual*")

1. Independent Wealth Managers

Several distinct characteristics set Members apart from conventional fund managers. These characteristics include but are not limited to:

- 1.1 A Limited Power of Attorney ("**LPOA**") is given by each Member's client over their bank accounts for the management of all investment related activities. LPOAs do not allow an independent wealth manager to withdraw clients' assets where such powers are retained by clients.
- 1.2 The account itself is held in the name of each Member's client. While the bank retains a direct contractual relationship with their clients, the bank recognises Members as the duly appointed external party that manages their clients' account.
- 1.3 Clients of Members enjoy the benefit and security of the large capital and infrastructure of a custodian bank and the independent advice of Members.
- 1.4 Members are independent from the bank and are engaged by clients. Members' remuneration shall be derived from the fees received from clients as mandated by their clients in a written agreement. Thus, both Members and their clients have their financial interests aligned.

- 1.5 Members are not restricted to specific platform banks products and are free to offer the best available product in the market suited to their client's specific needs.
- 1.6 This tripartite relationship between bank, client and Member is ideal for wealth management as Members do not directly compete with the bank but provide value-added services that are complementary to the traditional private banking business model.

2. Conduct of Business

Members shall conduct their business with integrity and professionalism and act in an ethical manner. Members shall make all reasonable efforts to ensure that they do not make misrepresentations, whether oral or written, to clients, potential clients, or other parties whom they deal with in the course of their business. Members shall endeavour to actively prevent and combat money laundering and terrorism financing in the conduct of their business.

2.1 Finance

- 2.1.1 Members shall ensure that have adequate financial resources reflecting the scope, size, and risk profile of their business in accordance with applicable regulatory requirements.
- 2.1.2 Members shall ensure that have adequate professional indemnity insurance cover which complies with the applicable regulatory requirements.
- 2.1.3 Members shall comply with the applicable statutory accounting standards and provide their business with adequate financial resources and inject additional funds to cover adverse balances within a reasonable timeframe.

2.2 People

2.2.1 Members shall have sufficient human and technical resources and experience for the proper performance of their duties. This would be expected to vary depending on the amount of assets under management by Members, and the type and nature of the assets and markets in which Members invest in. Certain functions of Members including fund management, risk management, marketing, operations, compliance and audit shall only be performed by qualified and experienced persons, who shall receive proper supervision and appropriate training on an ongoing basis.

2.2.2 Members shall ensure that their staff in risk-taking, risk management and risk control positions take mandatory audit leave for a continuous period each year to facilitate compliance monitoring. Departures from this policy may be permitted under exceptional circumstances and must be upon formally approved.

2.2.3 Members shall take reasonable steps to ensure that their staff comply with the rules and regulations as set out in Clause 2.8.

2.3 Systems Infrastructure and Business Continuity

2.3.1 Members shall have: (i) adequately documented records, business recovery plans, including disaster recovery and business continuity plans, which can be implemented immediately to ensure the continuation of operations; (ii) adequate facilities for the ongoing management of client assets; (iii) suitable risk control systems to ensure compliance

with mandate instructions and regulatory requirements; (iv) a system to allocate individual responsibilities; and (v) regular testing for the effectiveness of such procedures.

2.3.2 Members shall maintain proper financial, client or other material business records.

2.3.3 Work records and data are properly shall be documented in either hard copy or electronic form and kept by a Member for a minimum of five years where: (i) work done by a Member's employees shall be backed up daily and (ii) copies of backups are archived regularly.

2.3.4 Appropriate management information systems shall be established to maintain awareness, monitor and oversee operations, taking into account the complexity of Members' operations. Amongst others, these may include and would not be limited to:

- A) self-assessment and review forums to identify, report and mitigate key risks and issues;
- B) independent structure to record, report and review exposures as well as profit and loss positions that may arise from trading and other operational activities;
- C) monitoring of compliance with internal policies and procedures, controls and regulatory requirements;

- D) assignment of designated persons to monitor and track the actions taken to address audit findings on a timely basis; and
- E) measures to ensure effectiveness of the control framework.

2.4 Confidentiality

2.4.1 Members shall maintain absolute confidentiality in respect of information received in the conduct of their business:

- A) Members shall ensure that confidentiality of all applicable information, especially personal client data and shall only use such information received to carry out their professional duties;
- B) Members shall implement appropriate technical and organisational processes to protect confidential information entrusted to them; and
- C) Members shall take reasonable steps to ensure that communication methods and compliance procedures follow practices designed for preventing accidental distribution of confidential information. There shall also be adequate preventive and detective controls on unauthorised access and encryption of client and other confidential information before information is transmitted to third parties and/or end-point storage devices.

2.4.2 Members shall conduct regular periodic training on confidentiality procedures for all staff who have direct contact with their clients' records which may include but is not limited to dealing with requests for information from third parties and ensuring that their staff is aware of their ongoing confidentiality obligations.

2.5 Delegation

2.5.1 Members shall retain responsibility for any delegated or outsourced functions and ensure that the third parties to whom such functions are delegated to or outsourced are suitably qualified and competent. There shall be ongoing supervision of Members' delegated or outsourced responsibilities:

- A) The outsourcing of business activities shall be in the interest of their clients where the service provider shall be selected, instructed and monitored by the Member with diligence. The choice of service provider is subject to Members verifying its ability to perform the required services;
- B) Members shall take reasonable steps to ensure that the service provider shall offer appropriate assurances in respect of the reliability and continuity of the services offered; and
- C) The outsourcing process shall be governed by written agreements that clearly define the scope of work to be carried out.

2.5.2 Outsourcing of business activities shall extend to:

- A) client relationship management carried out by third parties;
- B) delegation of management of client assets by issuing substitute powers of attorney;
- C) outsourcing of financial analysis services and the preparation of investment proposals and model portfolios;
- D) outsourcing of compliance-related duties (for example, with respect to the prevention and combating of money laundering and terrorism financing);
- E) outsourcing of data processing and storage systems containing client data (for example, external management of client databases and information systems relating to client assets or order transfer systems managed by third parties).

2.6 Risk Management

2.6.1 Members shall have proper risk management procedures that commensurate with the complexity of their business. This can include an enterprise-wide risk management framework which covers policies and controls in addition to ongoing oversight, monitoring and management of counterparty risk (clients and bank/product providers), investment risk (i.e. error in transaction orders, market, credit

and liquidity), risk of fraud, as well as operational risk (systems, regulatory, technology, and process).

2.6.2 Members shall also institute regular reviews and assessments of their risk management policies and procedures to ensure continued adherence.

2.7 Segregation of Business Activities

2.7.1 Members shall institute appropriate segregation of business activities, such as “Chinese walls” within their organisations, together with written policies and procedures to limit the flow of confidential and price-sensitive information that would prevent them from dealing in particular securities or with particular clients. This segregation shall also be extended to related or affiliated companies or other companies which may give rise to conflicts of interest.

2.7.2 Members shall institute internal control procedures to ensure that key duties and functions are appropriately segregated wherever possible. In particular:

- A) front office functions shall be physically segregated from back-office functions and shall be carried out by staff with separate reporting lines;
- B) the investment decision making process shall be segregated from the dealing process where a central dealing function is encouraged;

- C) compliance and audit functions be separated from each other if possible and have separate reporting lines from other functions; and
- D) proprietary activities of Members shall be segregated from client-related activities.

2.8 Personal Conduct and Trading

2.8.1 Members shall have in place appropriate policies and internal controls governing staff conduct and personal dealing. These would include but it is not limited to the following:

- A) incorporating in their codes of conduct or ethics and/or contracts of employment for staff of Members, statements of general fiduciary principles that govern: compliance with laws and regulations; obligations to clients including client confidentiality; use of information both proprietary to Members and its clients; and staff opening of accounts with approved brokers;
- B) maintain records of Members' staff securities holdings with sufficient details to demonstrate compliance;
- C) taking reasonable steps to ensure that Members' staff are prohibited or restricted in engaging in short swing trading (purchase and subsequent sale of securities within a short period of time) and market timing (short term trading of unit trusts to take advantage of short term discrepancies between the "stale" value of assets within a unit trust portfolio and the current market value of those assets), if

such transactions pertains to securities within their clients' investment holdings;

D) taking reasonable steps to ensure that Members' staff who wish to purchase or dispose of securities for personal dealing shall be required to obtain prior written approval where appropriate documentation of such approval and transaction records shall be maintained.

E) taking reasonable steps to ensure that Members' staff in possession of inside information, not act upon it in a manner that includes but is not limited to the following:

- (i) influencing or inducing any client or any third party to enter into any transaction;
- (ii) communicating such information to any client or third party; and
- (iii) engaging in unauthorised transfer of inside information and/or insider trading.

2.8.2 Members shall take reasonable steps to ensure that their staff must always act in the best interests of their client. This will mean that client transactions should always be settled first. Where there is any perceived potential conflict of interest, their staff shall report such potential conflict immediately to a compliance officer as well as an appropriate director who will either resolve the potential conflict or ensure proper disclosure to clients.

2.8.3 Members shall take reasonable steps to ensure that disclosure is made by their staff holding any outside interests (such as a stake of 5% or more in a company) and directorships in companies.

Members shall keep records of the above including any violations and the resultant investigations and actions taken where appropriate for a period of five years.

2.9 Professional Competency

2.9.1 Members shall possess a requisite level of competence and knowledge required to carry out their business functions effectively:

- A) Members shall ensure that their staff are adequately skilled and experienced, to provide investment advice or carry out investment activities on behalf of clients; and
- B) Members shall refer to appropriate regulations/guidelines with reference to their areas of specialisation, to ensure that their staff obtain the appropriate licence(s).

3. Client Relationship

Members shall consider the suitability of each investment in relation to clients' needs and objectives and offer appropriate recommendations. Members shall ensure that they exercise due care in carrying out their fiduciary duties. Members shall also document key aspects of the relationship:

3.1 Establishing Client Requirements through Written Agreements

3.1.1 Members shall fully understand the profile and requirements of their clients by considering the following:

- A) Client Suitability to Carry on an Investment Relationship with Members: Where applicable, client suitability may be assessed based on risk tolerance, expected return, investment needs, dedicated assets, assets available for investments and outstanding liabilities. In particular, Members must ensure that where applicable, it complies with the definition of specific classes of investors as defined under Section 4A of the Securities and Futures Act 2001.
- B) Investor Sophistication: Members' client must display thorough understanding of information associated with investing (such as risk, return, structure and terms of an investment), and have at least five years of experience investing in a product/strategy to be considered relatively sophisticated.
- C) In matching appropriateness and suitability of an investment with a client's needs and circumstances is

measuring that client's tolerance for risk. Investment decisions must be judged in the context of the total portfolio rather than by individual investment within the portfolio.

- D) Upon client's approval of the proposal, Members shall proceed to implement the strategy and closely monitor to optimise returns.

3.2 Cementing Client Relationship

3.2.1 Client Mandate

- A) A written agreement is entered into with all clients before a Member commences its investment activities where such agreement shall contain:
- (i) the nature of services to be provided by Members to the clients;
 - (ii) commencement date of the mandate;
 - (iii) termination period and procedures;
 - (iv) investment objectives;
 - (v) custody arrangements;
 - (vi) prime brokerage (if any);
 - (vii) custodian bank of choice;
 - (viii) the advisory/management of assets process;
 - (ix) fees and remunerations payable by their clients; and
 - (x) the obligation of Members to always act in compliance with applicable laws and regulations governing the client's investments and to periodically report such compliance and performance of investments to clients.

3.2.2 Client Information

- A) Members will be required to obtain the following details from their clients: name, address, contact details. Where applicable, details of the place/date of incorporation, business registration number and authorised signatories shall also be obtained.

- B) Members will require all relevant staff to take steps, including defining the appropriate documentary information, to:
 - (i) establish and verify the identity of their client; and

 - (ii) reasonably establish the source of funds to be legitimate, as part of the client acceptance procedures and in accordance with the Guidelines to the Monetary Authority of Singapore's Notice SFA 04-N02 to Capital Markets Intermediaries on Prevention of Money Laundering and Countering the Financing of Terrorism.

3.2.3 Investment Mandate

- A) Where applicable to Members' business, Members will be granted a LPOA by their client, allowing it to manage investment matters on either a discretionary or non-discretionary basis:
 - (i) If their client opts for a non-discretionary mandate, the Member will discuss investment ideas and opinions with them before any action is taken; or

- (ii) If their client opts for a discretionary mandate, the Member will implement investment decisions directly before disclosing transactions promptly to their client.

3.2.4 Risk Disclosure Statements

Members' client is advised to take heed of the risk disclosures given by the custodian bank. Risk disclosures shall also be provided for in the General Terms and Conditions.

3.2.5 The General Terms and Conditions

General Terms and Conditions shall be provided to the client and agreed upon by clients prior to the signing of the Client Mandate.

3.3 Client Reporting

3.3.1 Members shall appraise their clients of the monthly performance of their investment holdings through a monthly statement of account as may be applicable under Regulation 40 of the Securities and Futures (Licensing and Conduct of Business) Regulations.

3.3.2 Members shall ensure that the gross and net values of their clients' investment holdings are updated so that clients can keep track of their fund flow and performance.

3.3.3 Members shall outline to clients significant risks and limitations of the analysis contained in their investment products or recommendations. The type and nature of

significant risks will depend on the investment process that Members adopt and the personal circumstances of their client. In general, the use of leverage constitutes a significant risk and shall be disclosed.

3.4 Custodian/Trustee Arrangements

3.4.1 Members shall not provide custodian services for their clients' monies.

3.4.2 Members shall add value through prudent risk management applied to the structural investment advisory services.

3.4.3 Members are authorised by their clients to give instructions to the bank on various investment transactions, as and when appropriate.

3.4.4 Members are not authorised to withdraw or transfer any assets out of their respective clients' portfolios.

3.5 Termination

3.5.1 In the event of termination of the relationship between Members and their clients, Members shall continue to act in a proper and ethical manner in accordance with the termination period and procedures contained in the Client Mandate.

3.5.2 Matters related to termination contained in the General Terms and Conditions as provided by Members to their clients shall include:

- A) client shall acknowledge that each custodian bank shall be permitted to complete any transaction initiated prior to receipt of notice of termination from the client;
- B) notice of termination by the client must be addressed to the an appropriate senior executive that represents the Member. Notices given by Members are to be sent to the address last provided by their client; and
- C) termination of the Client Mandate shall be without prejudice to the rights and liabilities of the parties.

3.6 Valuation

3.6.1 There shall be independent, fair and proper valuation of all investments undertaken by Members on behalf of their clients. Market prices and any rates used in the revaluation process shall be independently sourced. Particular care shall be exercised in the valuation of unlisted or unquoted securities. There shall be appropriate documented methodology and management oversight on the identification, valuation and reporting of illiquid positions. Members are encouraged to disclose the basis of valuation of unlisted or unquoted securities to their clients for transparency.

3.7 Performance Measurement and Reporting

3.7.1 The measurement and reporting of investment performance to clients, performance surveys and to the public shall conform to such standards of fair and proper disclosure.

3.7.2 The performance information shall provide clear statements as to what was being measured and the time periods for which the performance was being measured.

3.8 Appointment of Distributors

3.8.1 A Member may choose to appoint distributors through a distribution agreement to promote and sell Members' investment products to the distribution agent's customers.

3.8.2 Members shall ensure appropriate due diligence on any person or agent to be appointed as a distributor for Members' investment products (including confirming that such person is appropriately licensed to carry on the business of marketing/selling such products) is conducted.

3.8.3 Members shall include the following in their distribution agreements:

- A) the nature of distribution services to be provided by the distributor to distribute Members' investment products;
- B) an obligation on the part of the distributor to act at all times in compliance with applicable law and regulations governing the distribution of the investment products and to periodically report such compliance to Members;
- C) an obligation on the part of the distributor to act at all times in compliance with the operational parameters set out in the relevant prospectus or otherwise for the investment product, including observing all operational dealing deadlines and cut-off timing requirements for the

subscription or redemption of units/shares of the investment product;

- D) an undertaking by the distributor to observe at all times the prohibition against any late trading understood to mean permitting the placing or trading of orders after the cut-off time for a day's trades in the investment product;
- E) an undertaking by the distributor to observe all applicable laws and regulations on anti-money laundering when accepting orders and monies for subscriptions for units/shares in investment products; and
- F) an obligation on the part of the distributor to deliver only the latest versions of prospectuses or other marketing materials for investment products; and reports, notices and other relevant documents relating to each investment product to each investor who has purchased the investment product from the distributor.

3.9 Client Complaints

3.9.1 Members shall handle complaints from their clients in an independent, prompt and appropriate manner.

3.9.2 Members shall have formalised policies and procedures to deal with and respond to complaints from their clients. Amongst others, this includes:

- A) the maintenance of a register of complaints with details of complaints received and resolution;

- B) proper documentation and records of investigation, including documents reviewed and interviews conducted, where appropriate;
- C) set reasonable timeframes (for example, acknowledgement notice within 48 hours and completion of investigation within seven days) to acknowledge and complete the review of clients' complaints, and provide appropriate interim replies where a complaint cannot be resolved within the stipulated timeframe;
- D) have adequate resources to ensure that complaints are investigated promptly, effectively and independently, in particular there shall be clear criteria for assessing the merits of each complaint to ensure that complaints are resolved fairly and reasonably; and
- E) ensure that periodic reports on complaints are submitted to management so that timely rectification of systemic problems, if any, can be undertaken.

4. Conduct of Investment

In conducting investment transactions, Members shall deal fairly and objectively with all clients. Members shall ensure that adequate disclosure is made to all clients of any matter which might diminish that objectivity.

4.1 Investments within Client Mandate

4.1.1 Members shall ensure that transactions carried out on behalf of clients are consistent with their clients' investment objectives, guidelines and investments restrictions. This shall be reviewed on an annual basis or amended when there are changes significant enough to affect a client's investment portfolio by taking into account the following aspects of the client: (i) needs analysis, (ii) financial concept, (iii) investor profile, (iv) risk ability/tolerance; and (v) investment strategy.

4.1.2 Where applicable, Members shall present clients with the investment proposal for their acceptance before implementation.

4.2 Best Execution

4.2.1 Members shall always execute client orders on the best available terms, taking into account the relevant market conditions, type and size of transactions.

A) Members shall instruct their client's respective bank to execute the order immediately either at market price or at a limit.

- B) Members shall subsequently follow up to check if the order has been placed correctly and at the proper time by comparing the bank execution price to the market open, close and trading range. This is to ensure the order is executed on the best available terms.

- C) All client orders shall be placed before the order of any of a Member's staff where:
 - (i) a register of 'Interest in Securities' spreadsheet shall be circulated;

 - (ii) all staff shall disclose any security transactions which they have personally made; and

 - (iii) staff are not permitted to invest in the same transaction that a client makes on the same day a Member invests on behalf of its clients.

4.3 Order Allocation

- 4.3.1** Members shall ensure that all orders are allocated fairly among clients' portfolios and accounts.

- 4.3.2** Members shall also ensure the accuracy of its records as to trade orders and client account positions.

- 4.3.3** If a transaction is affected, adjustments to a client's order shall be proportionately adjusted in relation to the client's intended original investment.

4.4 Security Transaction Blotter Records

4.4.1 In respect of non-discretionary mandate clients, Members must take the following actions to ensure that investment orders are placed and fully carried out:

- A) time and date of receiving an order from clients;
- B) time and date of an order placed with the bank;
- C) time and date of an order confirmation received from bank; and
- D) time and date of client being advised of execution.

4.4.2 Members must check the status of all outstanding orders with the bank within a reasonable timeframe to ensure that orders are executed.

4.5 Cross Trades

4.5.1 Members shall have in place a policy governing cross trades and shall only undertake sale and purchase transactions between client accounts (cross trades) where:

- A) the sale and purchase decisions are in the best interests of both clients and fall within the investment objectives, guidelines and investment restrictions of both clients;
- B) the reason and basis for such trades is documented prior to execution; and

C) the trades are executed on arm's-length terms at current market value.

4.5.2 Cross trades between Members' personal staff accounts and their client accounts shall be prohibited. Cross trades between a "house account" (which refers to an account owned by members or any of its connected persons over which it can exercise control or influence) controlled by a Member and a client account shall also be prohibited.

4.6 Late Trading

4.6.1 Late trading refers to the activity to place an order to subscribe, switch, cancel or redeem the units/shares in a collective investment scheme after the dealing deadline set out in a prospectus or trust deed and receives such price per unit/share calculated as of the dealing deadline. Such late trading shall be prohibited.

4.6.2 Late trading could lead to the dilution of the value of a collective investment scheme's units/shares.

4.6.3 Members shall take reasonable steps to ensure that their distributors comply with dealing deadlines when accepting orders. Members shall also set an absolute deadline for distributors to submit daily orders.

4.6.4 Members shall put in place measures to ensure that in-house trades and staff trades for collective investment schemes comply with a collective investment scheme's dealing deadline.

4.7 Market Timing

4.7.1 Members shall not allow investments which are associated with market timing. Market timing generally refers to the short-term trading/frequent purchases and sales of units/shares in unit trusts and/or mutual funds with the intention of taking advantage of short-term discrepancies between the “stale” value of assets within a mutual fund’s portfolio and the current market value of those assets. Market timing can be disruptive to fund management and can cause dilution in the fund to the detriment of long-term investors.

4.7.2 Members are encouraged to implement policies and procedures to identify and deal with market timing as appropriate, taking into consideration, the nature and size of their businesses.

4.8 Participation in Initial Public Offers

4.8.1 Where Members participate in an initial public offering on behalf of their clients, Members shall ensure that:

- A) the allocation of stock received in the offering provides for a fair and equitable allocation amongst clients;
- B) preferential allocations are prohibited;
- C) the reasons for all allocations are documented.

4.9 Portfolio Turnover

4.9.1 Members shall not trade excessively to generate income for their own benefit or a related company as defined under Section 6 of the Companies Act 1967 ("**Related Company**").

4.10 Portfolio Disclosure

4.10.1 Members are encouraged to implement policies and procedures with regards to the disclosure of unit trust portfolio holdings to different categories of persons including but not limited to individual investors, institutional investors, intermediaries that distribute the fund, third party service providers, rating and ranking organizations and affiliated persons of the fund. Members shall also have procedures in place for monitoring the use of information about portfolio securities (e.g. to identify market timers). Members shall ensure that such disclosures are not disadvantageous to their clients.

4.10.2 For unit trusts, when reporting the portfolio holdings to clients in the half-year financial statements and year-end financial statements, Members shall ensure that the disclosure are in line with the current requirements of Recommended Accounting Practice 7 'Reporting Framework for Unit Trusts' set out by the Council of the Institute of Singapore Chartered Accountants.

4.11 Transaction With Related Parties

4.11.1 Members shall not carry out a transaction on behalf of a client with a Related Company unless such transaction is carried out

on arm's length terms, consistent with best execution standards, and at a competitive commission rate, or otherwise agreed by their client.

4.11.2 Members shall not deposit or borrow funds on behalf of a client with a Related Company unless:

- A) in the case of a deposit, interest is received at a rate not less favourable to their client than the prevailing commercial rate for a deposit of that size and term, taking into account the credit standing of the deposit-taker; and
- B) in the case of a loan, interest-charged and fees levied in connection with the loan are no higher than the prevailing commercial rate for a similar loan.

4.12 Transaction with Third Parties

4.12.1 Members shall ensure that all transactions with third parties are carried out at arm's length, or otherwise in accordance with their client's instructions, and shall at all times be consistent with best execution standards.

4.12.2 Members shall be diligent in the selection of brokers or counterparties.

4.12.3 Members shall institute proper procedures for monitoring and controlling the exposure and volume of business to each broker or counterparty. In doing so, Members shall consider the credit standing of the broker or counterparty in addition to market intelligence, research and execution capabilities.

4.13 Transaction on Directed Brokerage

4.13.1 Members shall select brokers or dealers for their portfolio securities transactions and the allocation of such transactions based on the principle of best execution.

4.13.2 Members shall not compensate any brokers or dealers for any promotion or sales of units from their funds under management.

4.13.3 Members shall have in place the following processes and procedures to prevent:

A) person(s) responsible for selecting brokers and dealers for their portfolio securities transactions from considering any brokers' or dealers' promotion or sales of units from Members' portfolio of funds; and

B) a Member from entering into any agreement or understanding where a Member may direct, or is expected to direct portfolio securities transactions or any remuneration to any broker or dealer.

4.14 Soft Dollar Commission

4.14.1 Members may receive goods or services (i.e. soft dollars) from a broker in consideration of directing transaction business on behalf of their clients to the broker only if:

A) Members, its shareholders, directors and affiliates effect the relevant transactions for the assets under

- B) management on the best terms reasonably obtainable having regard to the interests of their client; and
- C) no unnecessary trades are entered into in order to qualify for such benefits.

4.14.2 Members shall maintain a record of soft dollar arrangements.

4.14.3 The goods and services under a soft dollar arrangement accepted by Members include the following:

- A) specific advice as to the advisability of dealing in, or of the value of any investments;
- B) research and advisory services;
- C) economic and political analysis;
- D) portfolio analysis, including valuation and performance measurements;
- E) market analysis;
- F) data and quotation services;
- G) computer hardware and software incidental to the above goods and services ; and
- H) custodial services and investment-related publications.

4.14.4 For the avoidance of doubt, goods and services received under soft dollar arrangements shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or monetary payment.

4.15 Disclosure of Soft Dollar Commission And Other Fees

4.15.1 Members may retain soft dollar commissions only if prior disclosure is made to their client and client consent is obtained for receiving such goods and services with a description of the goods and services to be received. Such disclosures shall be made in the investment management agreement, relevant offering documents or client agreement;

4.15.2 Members shall provide statements to their clients describing the goods and services received under such soft dollar arrangements on an annual basis;

4.15.3 Members may receive other fees only if it has been disclosed to their client and their client has not objected to such practice; and

4.15.4 Members shall provide statements to their clients detailing: (i) the breakdown of fees; (ii) the brokers and counterparties involved and; (iii) the type and volume of transactions linked with these fees received on an annual basis.

4.16 Rebates

4.16.1 Members shall not retain rebates on behalf of their clients shall. Any rebates received shall be disclosed and passed on

to their respective clients where commissions net of rebates shall not be grossed up and charged to clients.

5. Corporate Governance

Members shall ensure that proper internal corporate governance policies are in place. Members may further refer to the 'Guidelines on Corporate Governance' published by the Investment Management Association of Singapore.

5.1 Compliance and Regulations

5.1.1 Members shall be diligent in maintaining knowledge and complying with all applicable legislation, rules and regulations, industry codes and internal policies in any jurisdiction in which Members conduct their business.

5.1.2 Representatives of Members are encouraged to take any relevant Capital Markets and Financial Advisory Services (CMFAS) exams and undergo continuous training to conduct investment activities.

5.1.3 Members shall comply with all applicable legislation, regulations, notices or guidelines, which may include but are not limited to the following:

- A) Securities and Futures Act 2001;
- B) Personal Data Protection Act 2012;
- C) Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992;
- D) Terrorism (Suppression of Financing) Act 2002;
- E) The Monetary Authority of Singapore's Notice SFA 04-N02 to Capital Markets Intermediaries on Prevention

- F) of Money Laundering and Countering the Financing of Terrorism;
- G) The Monetary Authority of Singapore's Guidelines on Risk Management Practices;
- H) The Monetary Authority of Singapore's Guidelines on Outsourcing;
- I) The Monetary Authority of Singapore's SFA04-G08 Guidelines on Liquidity Risk Management Practices for Fund Management Companies;
- J) The Monetary Authority of Singapore's Technology Risk Management Guidelines;
- K) The Monetary Authority of Singapore's Notice SFA 04-N17 on Requirements in relation to Cross-Border Arrangements under the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021; and
- L) The Monetary Authority of Singapore's FSG-G01 Guidelines on Fit and Proper Criteria.

5.2 Compliance Function

- 5.2.1** Members shall ensure that their compliance officer shall remain independent of other functions and reports directly to an appropriate senior executive.
- 5.2.2** While tasks associated with compliance may be delegated, Members shall remain fully accountable for ensuring an overall standard of compliance within the organisation.
- 5.2.3** Members shall ensure that their compliance officer possesses the technical competence, qualifications and experience necessary for the performance of the following:

- A) the establishment, documentation and implementation of proper procedures to monitor and ensure adherence to prevailing legal requirements and industry best practices;
- B) the maintenance and retention of full and complete business records; and
- C) the establishment of mandatory minimum annual leave for staff members handling sensitive information to facilitate compliance monitoring and proper segregation of duties.

5.3 Relationship with Regulators

5.3.1 Members shall maintain a two-way relationship with regulators and keep them apprised of any issues that should be disclosed, in accordance with their regulatory obligations.

5.3.2 Members shall attend conferences, dialogue sessions, seminars or other compliance-related activities organised by the regulatory authorities to be updated of regulatory changes.

5.3.3 Members shall have open communication with regulators, where appropriate, to avoid misunderstanding.

5.4 Conflict of interest

5.4.1 Members shall manage any actual, perceived or potential conflicts of interest, with appropriate disclosures to their client. The extent of relevant policies and procedures shall

commensurate with the nature, scale and complexity of the business activities.

5.4.2 Members shall ensure that the offering and receipt of gifts and entertainment between their client, counterparty, broker or other third party and the Member (including their staff) are appropriate.

5.4.3 Members shall ensure that no gifts or entertainment are offered to or received from public officials.

5.4.4 Members shall ensure that appropriate records of entertainment and gifts received are maintained.

5.5 Money Laundering

5.5.1 Members shall comply with the applicable regulatory requirements on the prevention of money laundering at all times and shall ensure that it has appropriate processes to combat money laundering.

5.5.1 Members shall implement internal procedures in identifying and evaluating unusual and suspicious transactions. Members shall clarify the economic background, purpose and legality of any transaction that appears unusual or suspicious.

5.5.2 Members shall regularly monitor the effectiveness of internal procedures.

5.5.3 Members shall train all staff to be fully aware and vigilant of their responsibilities and be familiar with its processes and procedures. Refresher training shall be provided regularly to ensure that staff are reminded of their responsibilities and are kept informed of new developments.

5.6 Whistleblowing Guidelines

5.6.1 Members shall put in place appropriate processes where any misconduct or wrongdoing witnessed by their staff must be reported to senior management.

5.6.2 As a last resort, Members shall ensure that any wrongdoing or misconduct witnessed shall be escalated to the relevant authorities such as the Monetary Authority of Singapore (MAS) or Corrupt Practices Investigation Bureau (CPIB).

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6. Conclusion

This Reference Manual seeks to encourage Members to maintain a high level of professionalism and ethics for the further development of the independent wealth management industry in Singapore.

This Reference Manual provides a broad framework of ethical principles, obligations, and standards that guide Members' business practices, professional standards, and the conduct of their relationships.

Contact Us

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