



Monetary Authority of Singapore

Information Paper

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Thematic review of FIs' recruitment and onboarding training of representatives



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1. Introduction

The information paper sets out standards that the Monetary Authority of Singapore (“MAS”) expects financial institutions (“FIs”) to apply when assessing whether their appointed representatives are fit and proper¹ to carry out regulated activities.

The paper is based on the findings of a thematic review conducted on four FIs regulated under the Financial Advisers Act (“FAA”) between 2024 and 2025. The thematic review examined the FIs’ controls, policies and procedures for representative recruitment and onboarding training. While MAS observed that FIs generally have frameworks to assess the fitness and propriety of their representatives, and conduct onboarding training, deficiencies were identified across several key areas.

A common deficiency observed was inadequate monitoring and supervision of representatives with adverse information, stemming from poorly designed oversight arrangements and ineffective control implementation. Other weaknesses identified included inadequate assessments of representatives’ conflicts-of-interest (“COI”) and financial soundness, deficient oversight and governance over third-party product training, poor oversight of assistants hired by representatives, and insufficient supervision over outsourced activities.

This information paper sets out MAS’ supervisory expectations, good practices and weaknesses observed in the following areas:

- Onboarding of representatives;
- Monitoring of representatives with adverse information;
- Onboarding training; and
- Other areas – Hiring of assistants by representatives and outsourced activities.

¹ The criteria for considering whether a representative is fit and proper include but are not limited to the following (a) honesty, integrity and reputation; (b) competence and capability; (c) financial soundness as set out under MAS Guidelines on Fit and Proper Criteria (FSG – G01).



2. Onboarding of Representatives

2.1 Section 26(1)(b) of the FAA requires FIs to certify² that the representatives they intend to appoint meet all entry requirements³, including MAS' fit and proper criteria. During the representative onboarding process, FIs conduct due diligence⁴ by gathering relevant information from applicants and other relevant parties (such as applicants' past employers) to evaluate applicants' suitability for appointment. Where adverse information is uncovered, FIs evaluate its impact on appointment suitability and implement additional measures to mitigate associated risks.

Supervisory Expectations

- (a) FIs must appropriately evaluate that the persons they appoint to conduct regulated activities under the FAA are fit and proper:
 - (i) this includes imposing risk mitigation measures on individuals who, regardless of adverse information on them, are assessed to be fit and proper.
- (b) FIs should have structured recruitment policies and processes, approved by senior management, covering the following:
 - (i) a rigorous due diligence process, taking guidance from the MAS' Circular⁴ on the relevant checks and documentation to verify that individuals are fit and proper for appointment as representatives;
 - (ii) criteria for eligibility for appointment as representative and circumstances warranting rejection;
 - (iii) risk mitigation measures to be imposed when onboarding representatives with adverse information;

² The certification is signed off by the Chief Executive Officer or Director of the FI when submitting Form 3A to appoint the representative.

³ Minimum entry and examination requirements are set out under the Notice on Competency Requirements for Representatives of Financial Advisers (FAA-N26) and the fit and proper criteria are set out under the Guidelines on Fit and Proper Criteria.

⁴ MAS Circular on Due Diligence Checks and Documentation for the Appointment of Representatives provides guidance to assist FIs in their conduct of due diligence.

- (iv) cases requiring escalation to senior management for decision-making; and
 - (v) proper documentation and records of the onboarding process.
- (c) FIs should minimally consider representatives with the following as having adverse information, factoring in the frequency, severity and recency of the information:
 - (i) misconduct reports;
 - (ii) substantiated complaints, history of alleged complaints, or on-going investigation(s) pending conclusion;
 - (iii) overdue debts, or significant indebtedness relative to the representative's income, cash flow, etc.; and
 - (iv) low persistency ratio relative to the FIs' overall persistency ratio.
- (d) FIs should refrain from appointing representatives with adverse information as supervisors unless the associated concerns are adequately mitigated. When determining if concerns can be adequately mitigated, considerations should be given to:
 - (i) the seriousness and type of adverse information, and whether there are individuals with adverse information appointed across the different tiers of an agency unit; and
 - (ii) the acceptable risk tolerance level and conditions articulated in FIs' policies.

Good Practices Observed

- (a) Exercising proactive oversight over recruitment of representatives. Senior management interviews applicants when supporting documentation is insufficient for hiring decisions.
- (b) Implementing a general policy prohibiting individuals with adverse information from taking on the role of a supervisor.

Poor Practices Observed

- (a) Inadequate assessment of financial soundness of representatives:
 - (i) No enquiries made on the reasons for individuals' overdue debts or undeclared indebtedness; and
 - (ii) No assessment of financial soundness for overdue debts below a specified threshold.
- (b) Weak assessment of actual and potential COI:
 - (i) No information obtained on applicant's connected persons for COI assessment;
 - (ii) Inadequate guidance (e.g. factors, red flags) provided to staff on identifying and assessing COI; and
 - (iii) Failure to identify potential COI arising from applicant's external business activities.
- (c) No enquiries made and no rationale documented for errors, omissions or revisions made by applicants in their fit and proper declarations, which could have an impact on the individual's honesty and integrity.
- (d) Inconsistent due diligence standards when onboarding selected individuals or groups of individuals.
- (e) No risk mitigation measures imposed when onboarding supervisors with adverse information.

3. Monitoring of Representatives with Adverse Information

3.1 When onboarding representatives with adverse information who are nevertheless assessed to be fit and proper, FIs are required to institute proper controls to address the risks posed by such adverse information. Enhanced measures may include closer supervision and monitoring of representatives' activities, with FIs verifying that the measures are effective and appropriately implemented before measures are lifted.

Supervisory Expectations

FIs should establish a robust framework to identify and monitor representatives with adverse information. The framework should be approved by senior management and minimally include the following:

- (a) The framework should designate appropriate independent personnel or establish a forum with authority to approve, modify or remove monitoring measures. The framework should also include provisions for regular monitoring and assessments of the representatives' conduct and effectiveness of the monitoring measures imposed.
- (b) FIs should implement monitoring measures that exceed standard monitoring mechanism established for all representatives. These monitoring measures should be specifically tailored to address the risks associated with the particular nature and severity of the adverse information identified.
- (c) Criteria (e.g. conditions for measures to be lifted, timelines to meet the conditions, and expected documentation) for evaluating whether identified risks have been fully addressed, and monitoring measures can be lifted.

- (d) Expected standards of conduct of representatives during the enhanced monitoring period, including:
 - (i) no additional adverse information, complaints, or misconduct reports filed against them;
 - (ii) achieving a persistency ratio higher than a specified threshold (e.g. industry average, threshold set by FI);
 - (iii) achieving a balanced scorecard grade of “A”; and
 - (iv) paying off their overdue debts.
- (e) Clear communication to representatives regarding the conduct standards expected throughout the monitoring period.
- (f) Evaluation of the effectiveness of supervisory structure of an agency unit, particularly where there are individuals with adverse information across different tiers of the unit.

Poor Practices Observed

- (a) Appointment of representatives with adverse information as supervisors to oversee their lower-tier representatives who were also subject to enhanced monitoring.
- (b) Inadequate enhanced monitoring measures to mitigate risks posed by onboarding representatives with adverse information:
 - (i) no calibrated measures to address specific risks posed by the nature and severity of the adverse information;
 - (ii) application of ordinary baseline standards not commensurate with the risks posed by the adverse information;
 - (iii) no monitoring and assessment of how supervisors with adverse information were fulfilling their supervisory duties;
 - (iv) failure to establish or communicate to representatives the expected standards of conduct during the enhanced monitoring period; and

- (v) monitoring only debt repayment for representatives with financial soundness concerns, without addressing the elevated conduct risks associated with their financial difficulties.
- (c) Poor oversight in the implementation of the enhanced monitoring measures:
 - (i) no guidance to supervisors on the expected documentation to demonstrate that they had implemented and assessed the effectiveness of monitoring measures;
 - (ii) no assessments made before enhanced monitoring measures were lifted;
 - (iii) no reasonable basis for the removal of monitoring measures (e.g. measures not implemented and allowed to lapse with passage of time); and
 - (iv) extensions of enhanced monitoring measures were routinely granted to representatives who failed to meet monitoring requirements without investigating into the reasons for non-compliance or establishing remediation plans.

4. Onboarding Training

4.1 FIs should establish a robust training framework to equip representatives with the requisite skills and knowledge to deliver financial advisory services. FIs may use internal resources or engage third-party providers for the delivery of training programmes.

Supervisory Expectations

Outcome Three of the Guidelines on Fair Dealing sets out that FIs should develop a robust training and competency programme to ensure that representatives are equipped with the necessary skills and knowledge to provide advice to clients. This includes:

- (a) Training and assessing the competency of the representatives and supervisors prior to allowing them to provide financial advisory services or assume supervisory responsibilities respectively.
- (b) Evaluating the scope and appropriateness of training programmes, whether conducted by internal or external parties, and reviewing and approving training materials used.

Good Practices Observed

- (a) Training modules incorporate quizzes of varying complexity levels to reinforce learning and enhance knowledge retention.
- (b) Online training programmes have time controls that mandate minimum duration spent on each module before representatives may proceed to assessments, ensuring thorough engagement with content.

- (c) Representatives are provided with resources, such as online comparison portals, that enable systematic evaluation of similar products across different manufacturers, highlighting key features, benefits, limitations, risks and charges.

Poor Practices Observed

- (a) Inadequacies in onboarding training:
 - (i) Training programmes failed to cover essential areas such as prospecting approach, case submission process, and compliance matters;
 - (ii) Allowing representatives to advise on investment products before the completion of the relevant investment product training;
 - (iii) Inappropriately exempting representatives with prior industry experience from all onboarding training, including training covering FIs' internal policies and processes; and
 - (iv) No review and approval of training materials provided by third parties (e.g. distributors or trainers engaged by FIs or representatives) to assess that they are adequate and fit-for-use.
- (b) Promoting representatives to supervisory positions without adequate training on the roles, responsibilities and expectations of the position.



5. Other Areas

Hiring of Assistants by Representatives

5.1 Some FIs allow their representatives to hire personal assistants (“assistants”) to provide administrative support to the representatives or groups of representatives. These assistants may perform duties including office management of agency premises and client appointment scheduling.

Supervisory Expectations

FIs should:

- (a) Institute monitoring mechanisms to ensure that assistants hired by representatives do not engage in regulated activities.
- (b) Clearly outline the specific tasks and responsibilities for these assistants.
- (c) Restrict assistants’ access to information, including client data, strictly on a need-to-know basis.

Good Practice Observed

- (a) Obtaining written undertakings by hiring representatives and their assistants to attest to awareness and compliance with regulatory requirements and FIs’ internal policies and processes.

Poor Practices Observed

- (a) No onboarding due diligence conducted on assistants hired by representatives.
- (b) No records maintained on assistants hired by representatives.
- (c) Poor oversight over activities performed by assistants:
 - (i) Failure to define authorised tasks and activities for each assistant;
 - (ii) Failure to implement independent monitoring mechanism to ensure that assistants did not engage in any regulated activities or other activities prohibited by the FI; and
 - (iii) Lack of controls over assistants' access to FI's systems and information, including confidential information.

Outsourced Activities

5.2 Some FIs engage service providers to conduct onboarding due diligence checks, monitor enhanced measures imposed and carry out onboarding training for representatives. These service providers could be FIs' related companies or external third parties.

Supervisory Expectations

The Guidelines on Outsourcing (FIs other than banks) set out expectations for FIs with outsourcing arrangements. FIs should ensure effective oversight and governance of outsourced arrangements and implement adequate controls to address outsourcing risks.



Poor Practice Observed

- (a) Unfamiliarity with, and inadequate oversight of, outsourced activities performed by service providers, resulting in failure to detect regulatory non-compliances and control weaknesses within the outsourced operations.



6. Conclusion

6.1 FIs are responsible for appointing fit and proper representatives, implementing appropriate measures to address risks associated with adverse information on representatives, monitoring their conduct, and providing adequate training before they conduct financial advisory services. MAS looks to FIs' Board and Senior Management to establish robust policies and procedures, and effective oversight mechanisms in these areas. FIs should benchmark their current policies, processes and procedures against the supervisory expectations and good practices in this paper, and take action to address any identified gaps.