



NOTICE ON MARKET CONDUCT

NOTICE NO. FCIU/N2/2017/1

1. INTRODUCTION

1.1 This Notice is issued pursuant to section 54 of the Autoriti Monetari Brunei Darussalam Order, 2010 and applies to all Financial Institutions in Brunei Darussalam.

1.2 This Notice shall have effect from 1st January 2018.

2. DEFINITIONS

2.1 For the purposes of this Notice –

“conflict of interests”, means a situation that can undermine a person due to self-interest and/or public interest.

“Financial Institution” has the same meaning as Section 2 of the Autoriti Monetari Brunei Darussalam Order, 2010.

3. DISCLOSURE AND TRANSPARENCY

3.1 Financial Institutions shall take affirmative action to ensure that their consumers have a reasonable holistic understanding of the products and services. In this context, full disclosure and utmost transparency are the critical elements that empower the consumer to make informed financial decisions. This is made possible by providing the consumer with ready access to information that accurately represents the nature and structure of the product or service, its terms and conditions, as well as its fundamental benefits and risks.



- 3.2 Financial Institutions shall have complete and concise Terms and Conditions, that includes all chargeable interest, fees, charges and penalties, as well as an illustration of how such interest, fees, charges and penalties work, in language that is accessible and acceptable to all.
- 3.3 All Financial Institutions or their representatives are required to disclose information on fees and charges for their products and services which are being offered to consumers and to make this information available at all branches and on their website. Financial Institution disclosures shall be timely, clear, concise, accurate, relevant, consistent and comparable. Disclosure shall occur both before and during the sale or subscription of a product. Staff or representatives should be sufficiently trained to disclose information in a transparent manner.
- 3.4 Advertisements and Promotional Materials of the financial products offered by the Financial Institutions should not make false, misleading, or deceptive statements that may materially and adversely affect the decision of the customer to avail of a service or acquire a product. Financial Institutions should ensure that advertisements and promotional materials including prospectuses (in the case of Capital Markets) are to be easily readable and understandable by the general public. It should disclose clear, accurate, updated and relevant information about the financial product or service.
- 3.5 Conflict of interests shall be disclosed properly to the consumer prior to the execution of the transaction that the Financial Institution's frontline staff has an interest in a direct/ cross transaction with a consumer. Adequate systems and controls should be in place to promptly identify issues and matters that may be detrimental to a customer's interest (e.g. cases in which advice may have been given merely to meet sales targets, or may be driven by financial or other incentives).



4. FAIR TREATMENT TO FINANCIAL CONSUMERS

- 4.1 Financial Institutions shall ensure that consumers are treated fairly, honestly and professionally and are not sold inappropriate financial products and services.
- 4.2 Financial Institutions shall ensure they have necessary resources and procedures in place for safeguarding the best interest of their customers. These include general rules, such as those addressing ethical staff behavior, acceptable selling practices as well as regulating products and practices where customers are more likely to be offered services that are inappropriate for their circumstances.
- 4.3 Financial Institutions are required to ensure that staff who directly interact with customers shall properly and sufficiently trained, preferably in disclosing information in a transparent and accessible language and manner. Further, staff should be qualified to a fit and proper standard.
- 4.4 Affordability and suitability of product or service
 - 4.4.1 Financial Institutions should file and record sufficient information from the customer to enable the Financial Institutions to offer an appropriate product or service to the customer.
 - 4.4.2 Products and services offered should be in line with the needs/risk profile of the consumer. In the event that the product is a fixed loan, a schedule of payment should always be passed to the customer, together with information and illustration on what occurs in the event of an early settlement, and any default payment.



4.5 In the Prevention of over-indebtedness, Financial Institutions should:

4.5.1 Monitor enforcement policies in the event of any default and sufficient recovery process to ensure the customer is aware of the consequences of default to prevent over-indebtedness; and

4.5.2 Draw customer's attention to the consequences of signing a contract that may affect his financial position and his collateral in case of default payment of a loan / obligation.

4.6 Objectivity

4.6.1 Financial Institutions should deal in good faith and should not make statements that are untrue or omitting information which are necessary to prevent the statement being false or misleading. Financial Institutions should also present a balanced view when selling a product or service.

5. **REMEDIAL ACTIONS**

5.1 Financial Institutions should take appropriate actions to address identified deficiencies in controls or provision for financial products. Remedial Actions include:

- i. moderate, withdraw, and/or refund prohibited fees and charges;
- ii. rectify and resolve potential violations due to mis-selling practices; and
- iii. to modify or withdraw misleading advertisements.



6. PROTECTION OF CONSUMER ASSETS AGAINST CRIMINAL OFFENCES AND CIVIL WRONGDOINGS

- 6.1 Financial Institutions should ensure that there are control and protection mechanisms that appropriately and with a high degree of certainty protect consumers' deposits, savings and other similar financial assets against fraud, misappropriation, breach of trust and other criminal offences or civil wrongdoings. The non-compliance or compliance of this section does not make Financial Institutions liable in any way for any criminal offences or civil wrongdoings that may occur within Financial Institutions.

**MANAGING DIRECTOR
AUTORITI MONETARI BRUNEI DARUSSALAM**

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