

MEDIA RELEASE

28 May 2015

CCS Issues Proposed Infringement Decision Against 10 Financial Advisory Companies for Pressurising Competing Life Insurance Offer to be Withdrawn from the Market

The Competition Commission of Singapore (“CCS”) has today issued a Proposed Infringement Decision (“PID”) against 10 financial advisory companies for being parties to an anti-competitive agreement to pressurise iFAST Financial Pte. Ltd. (“iFAST”) to withdraw its offer of a 50% commission rebate on life insurance products on the Fundsupermart.com website (“Fundsupermart Offer”) in contravention of section 34 of the Competition Act.

2. The 10 financial advisory companies (“the Parties”) are financial advisers licensed under the Financial Advisers Act and are members of the Association of Financial Advisers (Singapore) (“AFA”). The Parties provide financial advisory services and distribute various financial products, including life insurance products and unit trusts. Please see the Appendix for a list of the Parties.

3. iFAST is both a securities dealer and a financial adviser. However, iFast was not a member of the AFA at the time of the Fundsupermart Offer. iFAST distributes investment products such as unit trusts through its Fundsupermart.com platform to investors. It also offers investment products through a business-to-business distribution platform that provides administration and transactional services to financial institutions such as financial advisers. The Parties’ use of iFAST’s distribution platform collectively contributed significantly to iFAST’s revenues in Singapore.

4. On 30 April 2013, iFAST launched its Fundsupermart Offer, which provided an opportunity for purchasers of life insurance policies to enjoy cost savings from the 50% commission rebate. A few days later, on 3 May 2013, iFAST withdrew its Fundsupermart Offer.

5. In May 2013, CCS noted media reports about the withdrawal of the offer.¹ CCS also received a complaint on this matter and subsequently commenced investigation under the Competition Act.

¹ “Online insurance offer axed after gripes” by Magdalen Ng of Straits Times, 13 May 2013; “Response from iFAST CEO on recent Forum Letters published in the Straits Times” by Fundsupermart, 21 May 2013.



6. Upon completion of investigation, CCS provisionally finds that there was an agreement during an AFA meeting on 2 May 2013 as well as further coordination among the 10 financial advisory companies to apply pressure on iFAST to withdraw its Fundsupermart Offer. iFAST withdrew its Fundsupermart Offer the following day on 3 May 2013.

7. Under the Competition Act, business entities should not enter into any agreement with the object or effect of preventing, restricting or distorting competition. They should independently determine their responses to competition and refrain from participating in any discussion, coordination, or plan which is anti-competitive in nature.

8. The PID is a written notice setting out the facts on which CCS makes its assessment and its reasons for arriving at the proposed decision. It is issued to the Parties to assist them to make representations and provide any other information in support of their representations for CCS's consideration.

9. In this regard, all the Parties have six weeks from the receipt of the PID to make their representations. CCS will then make its final decision, after careful consideration of the representations, as well as all the available information and evidence.

- End -

About The Competition Commission of Singapore (CCS)

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

For more information, please visit www.ccs.gov.sg.

For media clarification, please contact

Ms. Grace Suen
Assistant Director
Communications
Competition Commission of Singapore
Email: grace_suen@ccs.gov.sg
DID: 6325 8216/ 9835 8601



Appendix - List of Parties Involved:

1. Cornerstone Planners Pte Ltd
2. Financial Alliance Pte. Ltd.
3. First Principal Financial Pte Ltd
4. Frontier Wealth Management Pte. Ltd.
5. IPP Financial Advisers Pte. Ltd.
6. JPARA Solutions Pte. Ltd.
7. Professional Investment Advisory Services Pte Ltd
8. Promiseland Independent Pte. Ltd.
9. RAY Alliance Financial Advisers Pte. Ltd.
10. WYNNES Financial Advisers Pte. Ltd.