



MEDIA RELEASE

17 March 2016

Financial Advisers Penalised by CCS for Pressurising a Competitor to Withdraw Offer from the Life Insurance Market

1. The Competition Commission of Singapore (“CCS”) has issued an Infringement Decision (“ID”) against ten financial advisers in Singapore (collectively referred to as the “Parties”).¹ The Parties were found to have infringed the Competition Act² by engaging in an anti-competitive agreement to pressurise their competitor, iFAST Financial Pte. Ltd. (“iFAST”), to withdraw its offer of a 50% commission rebate on competing life insurance products on the Fundsupermarket.com website (“Fundsupermarket Offer”).

Case details

2. On 30 April 2013, iFAST launched its Fundsupermarket Offer, which allowed purchasers of life insurance policies to enjoy cost savings from a 50% commission rebate. A few days later, on 3 May 2013, iFAST withdrew its Fundsupermarket Offer.

3. Investigations commenced after CCS noted media reports which suggested that iFAST withdrew the Fundsupermarket Offer due to unhappiness in the industry. A complainant also surfaced such a media report to CCS.

4. CCS’s investigation revealed that on 2 May 2013, a group of financial advisers, namely Avallis, Cornerstone, Financial Alliance, Frontier, JPARA, Promiseland, RAY and WYNNES met at a Management Committee meeting of the Association of Financial Advisers (Singapore) (“AFA”). During this meeting, the Fundsupermarket Offer was discussed and Financial Alliance was appointed as their representative to contact and pressurise iFAST into withdrawing the Fundsupermarket Offer. From 2 May 2013 to 3 May 2013, Financial Alliance continually pressurized iFast to withdraw its Fundsupermarket Offer. During this time, two other financial advisers, namely IPP and PIAS, who were copied in the communications from Financial Alliance to iFAST, declared their support to Financial Alliance. Further, IPP and PIAS contacted iFAST directly in contribution to the efforts to have iFAST remove the Fundsupermarket Offer.

5. In the afternoon of 3 May 2013, iFAST withdrew the Fundsupermarket Offer. iFAST only reintroduced a new offer for life insurance products on

¹ Please refer to the attached **Appendix** for a list of the Parties.

² Section 34 of the Competition Act (Cap.50B) prohibits agreements, decisions and concerted practices which prevent, restrict or distort competition.

FundsUPERMART.COM in August 2015, more than a year after the withdrawal of the FundsUPERMART Offer. This was also shortly after CCS issued a Proposed Infringement Decision to the Parties which was publicised.

6. CCS found that the Parties' conduct to prevent a competitor from providing a lower-cost offer to consumers restricted and was likely to have an adverse effect on competition in the market.³ The Parties' commercial relationship with iFAST in its unit trust business contributed significantly to iFAST's revenues and placed them in a position to exert pressure on iFAST. Further, CCS noted that the FundsUPERMART Offer was particularly attractive to customers because the general industry practice of financial advisers is not to provide commission rebates to policyholders.

7. In terms of market impact, CCS notes that iFAST had a wide client base of over 50,000 through FundsUPERMART.COM and could also reach out to other visitors to FundsUPERMART.COM. The traffic at FundsUPERMART.COM, including direct e-mailers and regular visitors, is estimated to reach up to over 100,000 over a few months. Some of the Parties themselves had expressed their concern about their own customers switching to iFAST or seeking from them rebates similar to those offered by iFAST. Had iFAST's offer remained on the market, the Parties might have had to make similar or new offers to respond to the competitive threat of commission rebates from the FundsUPERMART Offer.

Financial Penalties

8. On 28 May 2015, CCS issued a Proposed Infringement Decision to the Parties and received written and/or oral representations from eight of the Parties. The issues raised in the representations were duly and carefully considered by CCS and they are set out in the ID.

9. CCS has imposed the following financial penalties⁴ on the Parties :

Party	Financial Penalty
Avallis	S\$54,788
Cornerstone	S\$13,781
Financial Alliance	S\$137,524
Frontier	S\$5,000

³ The Parties' conduct was likely to have an appreciable adverse effect on competition because of the content and object of the agreement, the Parties' aggregate market share, the innovative nature of the FundsUPERMART Offer, and the actual withdrawal of the FundsUPERMART Offer.

⁴ In levying the financial penalties, CCS took into account the nature of infringement and the financial advisory industry, the circumstances under which the infringement was committed, duration of the infringement and its effects, aggravating and mitigating factors, as well as representations made by the Parties.

IPP	S\$239,851
JPARA	S\$5,000
PIAS	S\$405,114
Promiseland	S\$31,305
RAY	S\$11,939
WYNNES	S\$5,000
Total	S\$909,302

10. Mr. Toh Han Li, Chief Executive of CCS, said, “the Fundsupermart Offer was an innovative one that allowed iFAST to reach out to a wide client base through an established online platform, save on distribution costs, and pass on these cost savings to consumers through a significant commission rebate. The Parties’ conduct to collectively pressurise iFAST into withdrawing the Fundsupermart Offer prevented the life insurance market from shifting to a more competitive state.”

“Agreements between competitors to collectively pressurise a competitor to withdraw an offering can constitute anti-competitive conduct. Businesses should instead determine their own individual responses to competition. CCS will enforce the law, where necessary, to ensure that new and innovative players can access markets and compete fairly.”

About the Parties

11. The Parties are financial advisers licensed under the Financial Advisers Act and are members of the AFA. The Parties provide financial advisory services and distribute various financial products, including life insurance products and unit trusts.

12. 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.⁵ 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.

13. Further information on the investigation, analysis of the case and the basis of calculation of the financial penalties imposed on the infringing parties are set out in the ID, which can be found at www.ccs.gov.sg.

⁵iFAST is also not a member of the AFA currently.

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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.

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Appendix

The Parties are:

- a. Avallis Financial Pte. Ltd., formerly First Principal Financial Pte Ltd (“Avallis”);
- b. Cornerstone Planners Pte Ltd (“Cornerstone”);
- c. Financial Alliance Pte. Ltd. (“Financial Alliance”);
- d. Frontier Wealth Management Pte. Ltd. (“Frontier”);
- e. IPP Financial Advisers Pte. Ltd. (“IPP”);
- f. JPARA Solutions Pte. Ltd. (“JPARA”);
- g. Professional Investment Advisory Services Pte Ltd (“PIAS”);
- h. Promiseland Independent Pte. Ltd. (“Promiseland”);
- i. RAY Alliance Financial Advisers Pte. Ltd. (“RAY”); and
- j. WYNNES Financial Advisers Pte. Ltd. (“WYNNES”)