BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Product Transparency and Disclosure

Exposure Draft

Applicable to:

1. Licensed banks, including digital banks
2. Licensed Islamic banks, including Islamic digital banks
3. Licensed insurers
4. Licensed takaful operators
5. Prescribed development financial institutions
6. Approved insurance brokers and takaful brokers
7. Approved financial advisers and Islamic financial advisers
8. Approved issuers of designated payment instrument and designated Islamic payment instrument

Issued on: 29 February 2024 BNM/RH/ED 028-29

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This Exposure Draft (ED) introduces new and enhanced disclosure requirements, aimed at ensuring that product disclosure continues to serve its purpose in facilitating consumers to assess product suitability and make informed financial choices.

The principle-based requirements under Part B of the ED establish the minimum disclosure obligations expected of financial service providers (FSPs). In addition, FSPs are required to meet the product specific disclosure requirements contained in the Schedules.

The Bank invites written feedback on the regulatory requirements in this ED, including suggestions on specific issues or areas which need further clarification, or alternative proposals which the Bank should consider. The written feedback should be supported with clear rationale, evidence or illustrations, as may be appropriate, to facilitate the Bank's assessment.

Feedback must be submitted electronically to the Bank by 29 March 2024 through https://forms.office.com/r/Jcmig4dW0d.

In the course of preparing the feedback, you may direct any query to conductpolicy@bnm.gov.my.

Submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submission.

PART A OVERVIEW

1 Introduction

1.1 Financial consumers are constantly challenged by the increasing diversity and complexity when acquiring financial products and services (collectively referred to as “financial products”). Consequently, there is a need to enhance product specific transparency and disclosure in ensuring financial consumers are making informed decisions. Given the greater use of financial products and services, financial consumers need to be provided with relevant, timely, reliable and comparable information that enable them to select financial products that best meet their financial circumstances and needs.

1.2 This Policy Document establishes minimum requirements for enhanced consistency and comprehensive transparency aimed at improving information disclosure on financial products offered by financial service providers (“FSPs”).

1.3 This Policy Document sets out the timing and content on disclosure of information on financial products to financial consumers.

1.4 The objectives of this Policy Document are to-

a) promote financial consumers’ awareness and understanding of financial products offered by FSPs;
b) ensure consistency in disclosure of essential information on financial products to enable comparison by financial consumers;
c) minimise mis-selling of financial products and ensure that financial products sold are suitable to the needs and financial circumstances of financial consumers;
d) promote informed decision-making by financial consumers; and
e) facilitate financial consumers in safeguarding their own best interests.

2 Applicability

2.1 This Policy Document is applicable to FSPs as defined in paragraph 5.2.

2.2 This Policy Document is applicable to financial products developed and offered by a FSP, either directly or through the FSP’s intermediaries, to individuals, micro and small enterprises (collectively referred to as ‘financial consumers’). FSPs are encouraged to adopt similar disclosure standards for other types of customers. However, the disclosure requirements for Negotiable Instruments of Deposit and Islamic Negotiable Instruments apply to both financial consumers and institutional customers.

3 Legal provisions

3.1 The requirements in this Policy Document are specified pursuant to-
(a) sections 123(1) and 123(3) of the Financial Services Act 2013 (FSA);
(b) sections 135(1) and 135(3) of the Islamic Financial Services Act 2013 (IFSA); and
(c) sections 42C(1) and 42C(3) of the Development Financial Institutions Act 2002 (DFIA).

3.2 The guidance in this policy document is specified pursuant to section 266 of the FSA, section 277 of the IFSA and section 126 of the DFIA.

4 Effective date

4.1 This Policy Document comes into effect on [day] [month] [year].

Question 1
The Bank is considering effecting the requirements proposed in this ED **six** months from the date of issuance of the Policy Document. This is to ensure that FSPs have sufficient time to enhance their existing systems, processes and product disclosure materials to comply with the new and revised requirements in this Policy Document.

What are the anticipated challenges in implementing the proposed requirements within the proposed timeframe? Please elaborate on the extent to which your FSP will need to enhance existing processes and systems to implement the requirements, including relevant data, illustration and justification to support your feedback.

5 Interpretation

5.1 The terms and expressions used in this Policy Document shall have the same meanings assigned to them in the FSA, IFSA or DFIA, as the case may be, unless otherwise defined in this Policy Document.

5.2 For the purpose of this Policy Document-

"S" denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretive, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;

"G" denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendations that are encouraged to be adopted;

"**advertisement**" refers to the disseminating or conveying of information, invitation or solicitation by any means or in any form including oral and written communication by means of print, electronic and any other media;

"**Board**" refers to the board of directors of a FSP, including a committee of such board where the responsibilities of the Board set out in this Policy Document have been delegated to such a committee. However, the Board remains fully accountable for any authority and responsibilities delegated to such committee;

"**customer**" refers to any person who uses, has used or may be intending to use[1] any financial product including-

(a) a representative of the customer (such as the parents of a minor child or authorised representative[2] of the customer); and
(b) a person who has entered into or intends to enter into an agreement or arrangement with a FSP (such as a guarantor or third-party security provider) on account of or for the benefit of a customer;

"digital channel" refers to any digital or electronic means that enable the marketing and selling of financial products and the provision of information to financial consumers, which includes but is not limited to:

(a) email;
(b) Short Message Service (SMS);
(c) a particular application such as a mobile application;
(d) online platform;
(e) instant messaging services such as WhatsApp, Telegram, WeChat;
(f) social media; and
(g) website;

regardless of whether the digital channel is operated, administered or maintained by the FSP;

"digital advertisement" refers to any form of advertising or marketing of financial products via a digital channel;

"financial consumer" refers to any person-

(a) who uses, has used or may be intending to use any financial product:
    (i) for personal, domestic or household purposes; or
    (ii) in connection with a micro and small enterprise as defined in Guideline for SME Definition issued by the SME Corporation Malaysia; or
(b) insured under a group policy or covered under a group takaful certificate where the premiums or contributions are paid by the person insured or the person covered, as the case may be;

"**financial group**" refers to entities within the same financial group as the FSP which are involved in the promotion, sale, delivery and distribution of financial products;

[1] Any person who may be intending to use refers to a potential customer who has provided his/her information to the FSP for purposes of using the FSP's financial product, including a person who subsequently withdraws his/her application or whose application has been rejected by the FSP.

[2] Any person authorised by a customer to act on his/her behalf, for example, a trustee, someone with power of attorney, a legal guardian, an insurance agent authorised by a customer.

"financial product" refers to financial product or service developed or offered by FSPs;

"financial service provider" or **"FSP"** refers to-
(a) a licensed bank;
(b) a licensed digital bank;
(c) a licensed Islamic bank;
(d) a licensed digital Islamic bank;
(e) a licensed insurer;
(f) a licensed takaful operator;
(g) a prescribed development financial institution;
(h) an approved insurance broker;
(i) an approved takaful broker;
(j) an approved financial adviser;
(k) an approved Islamic financial adviser;
(l) an approved issuer of a designated payment instrument; and
(m) an approved issuer of a designated Islamic payment instrument;

"**intermediaries**" refers to persons, both individuals and firms involved in the marketing and selling of financial products for and on behalf of a FSP, including representatives and agents, through any means including digital channel;

"licensed ITOs" refer to licensed insurers and licensed takaful operators;

"plain language" refers to a clear presentation of information in a manner that is easy for a layman to understand which avoids the use of convoluted sentence structures and unnecessary use of legal and technical jargons;

"**product information"** refers to any information about a financial product that would facilitate financial consumers in making an informed decision;

"senior management" refers to the chief executive officer and senior officers of a FSP as defined in the FSA, IFSA and DFIA;

"social guarantor" refers to a person who provides, not for the purpose of making profit, the following guarantees-
(a) a guarantee for a loan, scholarship or grant for educational or research purposes;
(b) a guarantee for a hire-purchase transaction of a vehicle for personal or non-business use; and
(c) a guarantee for a housing loan transaction solely for personal dwelling;

"staff" refers to persons employed by a FSP, including temporary or contract staff, and officers on attachment from an entity within the group of the FSP.

6 Related policy documents and legal instruments

6.1 This Policy Document must be read together with any relevant legal instruments, policy documents and guidelines issued by the Bank, including any amendments or reissuance thereafter, in particular-

(a) Medical and Health Insurance and Takaful issued on 29 February 2024 (BNM/RH/PD 029-29);
(b) Management of Participating Life Business issued on 10 July 2023 (BNM/RH/PD 032-1);
(c) Universal Life Business issued on 13 February 2023 (BNM/RH/PD 032-22);
(d) Investment-linked Business issued on 13 February 2023 (BNM/RH/PD 029-36);
(e) Fair Treatment of Financial Consumers issued on 6 November 2019 (BNM/RH/PD 028-103);
(f) Credit Card issued on 2 July 2019 (BNM/RH/PD 036-1);
(g) Credit Card-i issued on 2 July 2019 (BNM/RH/PD 034-1);
(h) Investment Account issued on 10 October 2017 (BNM/RH/PD 028-63);
(i) Debit Card issued on 2 December 2016 (BNM/RH/PD 036-2);
(j) Debit Card-i issued on 2 December 2016 (BNM/RH/PD 034-2);
(k) Charge Card issued on 2 December 2016 (BNM/RH/PD 036-3); and
(l) Charge Card-i issued on 2 December 2016 (BNM/RH/PD 034-3).

7 Guidelines superseded

7.1 This Policy Document supersedes the following-

(a) Guidelines on Product Transparency and Disclosure issued on 31 May 2013 (BNM/RH/GL 000-3);
(b) Circular on Additional Requirements to the Guidelines on Product Transparency and Disclosure: Cross-border Trade Settlement Service issued on 20 January 2015;
(c) Guidelines on Accepting Guarantee as Security (BNM/RH/GL 001-19);
(d) Paragraph 26 under Guidelines on the Provision of Electronic Banking Services by Financial Institutions (BNM/RH/GL 008-10); and
(e) Letter on Specifications pursuant to sections 123 and 143 of the Financial Services Act 2013 and sections 135 and 155 of the Islamic Financial Services Act 2013 relating to Disclosure Requirements for Insurance and Takaful Products Distributed via Non-Direct Digital Platforms issued on 2 November 2023.

PART B GENERAL POLICY REQUIREMENTS

This Policy Document specifies minimum requirements and a FSP is expected to adopt higher disclosure standards. Any example given in the Policy Document is meant to illustrate and provide clarity on the regulatory expectations and is not intended as the only information that needs to be disclosed to financial consumers.

8 Effective oversight and accountability

Roles and responsibilities of Board and Senior Management

S 8.1 Executive level support and commitment are critical to the effective implementation of good disclosure practices. Hence, the Board and senior management of a FSP shall provide effective leadership, direction and oversight to ensure that good disclosure practices for financial products are adopted throughout the FSP.

S 8.2 The Board shall ensure that the FSP's governance arrangements with respect to disclosure practices are consistent with the requirements in this Policy Document.

S 8.3 The Board shall provide and exercise adequate oversight to monitor the FSP's compliance with the requirements under this Policy Document and ensure that proper policies, systems and processes are in place to implement such requirements.

S 8.4 Senior management shall ensure the effective implementation of disclosure requirements in this Policy Document in line with principles of fair treatment of financial consumers, including ensuring that adequate resources are allocated to effectively implement the requirements.

S 8.5 Senior management shall ensure that proper processes are in place for the development and review of product disclosure materials to ensure compliance with the requirements under this Policy Document. Senior management must ensure that the business function responsible for developing the product disclosure materials seeks inputs from other business functions[3] to ensure that key features and terms of the financial products are communicated in a manner that financial consumers are able to understand.

S 8.6 Senior management shall ensure that the FSP's staff and intermediaries, particularly those involved in the selling or marketing of financial products are adequately trained and have sufficient knowledge of the disclosure requirements related to the financial products.

[3] While the responsibility for developing product disclosure materials may reside with the product development unit, it must seek inputs from other business functions such as marketing, sales and customer services.

9 Key disclosure principles

S 9.1 A FSP shall give due regard to the information needs of financial consumers by adopting the following disclosure principles-

(a) timely;
(b) clear and simple;
(c) accurate, relevant and sufficient;
(d) highlight important information; and
(e) consistent and comparable.

The principles are aimed at improving the quality of disclosure and facilitate comparison and informed decision-making by financial consumers. The FSP shall disclose product information to financial consumers in a written form, via the FSP's website or other digital channels.

9.2 Timely disclosure

S 9.2.1 Since financial consumers need information at an early stage to assess the suitability of financial products, a FSP shall ensure that the provision of product information to financial consumers is timely and up-to-date, where applicable, to facilitate informed decision-making by financial consumers.

S 9.2.2 A FSP shall adequately inform financial consumers about a financial product at each of the three stages of the contractual process: the pre-contractual stage, at the point of entering into a contract and during the term of the contract.

G 9.2.3 Individual notification to financial consumers (whether by written notice or via electronic means) is likely to be more effective in achieving the objective of timely disclosure. However, where this is impractical or inappropriate on grounds of disproportionate costs, a FSP may adopt the most cost-effective alternative or one or more of the following means of notification-

a) statements sent to financial consumers;
b) prominent display of notices at the FSP's business premises; or
c) notices posted on the FSP's website.

S 9.2.4 Notwithstanding paragraph 9.2.3, when disclosing product information via the alternative modes, particularly for information which has a significant impact on financial consumers' decision-making, a FSP is required to ensure that the means of notification adopted by the FSP allows the relevant information to reach the financial consumers in a timely manner.

9.3 Clear and simple disclosure

S 9.3.1 Given that provision of excessive information can be counter-productive and confusing to financial consumers, a FSP must ensure that the disclosure on financial products is made in a manner that is concise and focused to serve its intended purpose.

S 9.3.2 A FSP must present product information in a clear and understandable format by employing methods such as using short and direct sentences, active verbs, clear headings, boldface, key words, tables, diagrams and bullet lists, where appropriate, to improve the clarity of the disclosure.

S 9.3.3 Given that font size is a key factor in determining whether a disclosure is conspicuous, a FSP shall present key product information that is likely to affect financial consumers' decisions in an easily readable font size and shall not be in a font size smaller than the rest of the contents.

S 9.3.4 A FSP must ensure contracts, agreements and disclosure documents are written in plain language. The FSP shall avoid the use of legal and technical jargon whenever possible. Where a FSP cannot avoid the use of legal and technical terminology, the FSP must explain the meaning of these terminologies in a glossary of technical terms which must also be provided to financial consumers for reference.

G 9.3.5 A FSP may consider adopting credible readability tests[4] to ensure its contracts, agreements and disclosure documents are written in a manner that is easy for financial consumers to understand.

S 9.3.6 For more complex financial products, a FSP must simplify and explain product information to financial consumers in a manner which promotes product understanding by using appropriate examples or illustrations.

9.4 Accurate, relevant and sufficient disclosure

S 9.4.1 A FSP shall disclose accurate, relevant and sufficient information to enable financial consumers to make informed decisions on financial products, including but not limited to product features, benefits and risks, fees and charges, as well as key contractual rights and obligations.

S 9.4.2 Where precise quantitative information cannot be quoted and an estimated figure is provided at the pre-contractual stage, a FSP shall make it clear to financial consumers that the figure is only an estimate and more accurate information will be provided, when available.

S 9.4.3 In ensuring accuracy in disclosure, a FSP must not exaggerate the benefits of financial products. A FSP must ensure that disclosure of product risks shall have equal prominence with information on product benefits. In particular, a FSP must disclose information on investment-related products in an objective and unbiased manner, with prospective financial information only included if there is any reasonable basis for its inclusion and the information is vital for financial consumers to make an informed decision on the financial product.

[4] A readability test is an algorithm that scores a text on how easy the text is to understand. The scores are usually based on the number and length of the words and sentences in the text. For example, the Flesch–Kincaid test measures word length and sentence length. The scores range from "very easy to read" to "extremely difficult to read". The Dall-Chall readability test gauges the comprehension difficulty that readers face when reading a text.

S 9.4.4 A FSP shall avoid using hypothetical circumstances or unrealistic assumptions to project future returns which are likely to be misleading. A FSP must ensure that any projected future return is accompanied by a prominent statement indicating that the information is predictive in nature and may be affected by the underlying assumptions. Where a FSP expresses an opinion, the FSP must ensure that such an opinion is supported by a reasonable basis and the FSP shall unambiguously state that it is a statement of opinion.

S 9.4.5 A FSP shall ensure that graphs and visual illustrations are designed with care to avoid misleading financial consumers.

S 9.4.6 A FSP must ensure that an investment-related product that merely adopts an investment strategy aimed at returning financial consumers' capital is not represented as a capital-guaranteed product or any other name that connotes a similar meaning. An investment-related product can only be represented as capital-guaranteed by the FSP if the guarantee is explicitly provided for by the FSP or a third party which is a FSP licensed under the laws administered by Bank Negara Malaysia.

S 9.4.7 For financial products where the funds are invested in Shariah-approved investment instruments, a FSP is prohibited from using any term for such products or funds that could give rise to the perception that it is an Islamic or Shariah-compliant product. This includes the use of terms such as "Islamic", "Shariah", "Shariah-approved" and "Shariah-compliant", or Arabic terms or references in the descriptions or names of products or funds of financial products.

9.5 Highlight important information

S 9.5.1 A FSP is required to draw financial consumers' attention to key terms and features of a financial product, which includes but is not limited to the following:

a) give due prominence to key product information through the enhancement of presentation, including the use of separate headings, key words, bullet points, boldface, tables, diagrams and infographics;
b) highlight major terms and conditions applicable to a financial product such as penalties, restrictions, exclusions, consequences of early termination of contract, financial consumers' rights and obligations;
c) display warnings on a financial product, such as the associated risks, where applicable;
d) include a warning that information disclosed on past performance of a financial product is not indicative of future performance, wherever such information is shown; and
e) disclose the underlying assumptions and any specific circumstance or condition that may affect future performance of a financial product, where necessary.

S 9.5.2 Financial consumers shall be referred to the relevant sources or instructions to obtain additional information on a financial product.

9.6 Consistent and comparable disclosure

S 9.6.1 A FSP must make the disclosure of product information in a consistent manner to facilitate comparison between similar products offered by the FSP or other FSPs. A FSP shall provide a Product Disclosure Sheet (PDS) to financial consumers to facilitate comparison with similar products offered by the FSP and other FSPs, i.e. product characteristics, risks and benefits, costs and returns.

10 Timing of disclosure

G 10.1 The timing of disclosure can influence its effectiveness. Disclosure is effective when product information is given to financial consumers at a time that is most relevant to enable the financial consumers to make informed decisions at each of the three stages of the contractual process i.e. the pre-contractual stage, at the point of entering into a contract and during the term of the contract.

10.2 Pre-contractual disclosure

G 10.2.1 Financial consumers need information at an early stage in the buying process, particularly before they apply for a specific financial product.

S 10.2.2 At the pre-contractual stage, a FSP must make sufficient disclosure on a financial product to ensure financial consumers can gain a basic understanding of the financial product's features, benefits, risks, charges, rights and obligations before making a choice. Key features and costs of the financial product shall be made clear and prominently displayed by the FSP.

S 10.2.3 Information that shall be disclosed by a FSP to financial consumers includes but is not limited to-

a) key features of the financial product;
b) significant risks associated with the financial product;
c) benefits to which financial consumers will or may become entitled to, the circumstances in which and times at which those benefits will or may be provided;
d) fees and charges that may be imposed; and
e) salient terms and conditions that affect financial consumers' rights and obligations.

S 10.2.4 Pre-contractual disclosure, including the PDS, shall be made available on a dedicated page on a FSP's website or other digital channel used to distribute the FSP's financial products.

G 10.2.5 A FSP may wish to include the following statement to provide prominence on the intent of pre-contractual disclosure:

"This page is specially designed to help you better understand the financial product or service you are about to purchase. You are advised to read and understand the information provided."

10.3 Disclosure at the point of entering into a contract

G 10.3.1 "At the point of entering into a contract" refers to the initial stage of financial consumers accepting a financial product offer made by a FSP.

S 10.3.2 Product information shall be provided in a timely manner before financial consumers enter into a contract with a FSP. This is particularly important in a digital environment whereby financial consumers tend to proceed swiftly through an application or purchase process.

S 10.3.3 A FSP shall highlight to financial consumers the key contractual terms and conditions before concluding the sale or securing the contract. Information that shall be disclosed at this stage includes but is not limited to:

a) rights and obligations of the financial consumer and the FSP;
b) fees and charges that will be payable by the financial consumer after the acquisition, and when those amounts will be payable;
c) cooling-off rights including its duration, if applicable;
d) key exclusions, conditions and limits, if applicable;
e) liability for loss, if applicable; and
f) contact details of the FSP and channels for feedback, enquiry or complaint.

S 10.3.4 A FSP shall advise financial consumers to read the PDS and contract, understand the key contractual terms and seek clarification from the FSP should they face any difficulties in understanding any of the contractual terms, prior to entering into the contract.

S 10.3.5 If financial consumers are required to acknowledge that they have read and understood the terms and conditions disclosed by ticking a box or signing on the PDS, a FSP shall not use such acknowledgement as its sole defence in the event of a dispute[5] between the FSP and the financial consumer.

S 10.3.6 A FSP is prohibited from using pre-ticked boxes in a product application form through which financial consumers are, by default, being opted into buying a product or any additional product without their explicit consent.

10.4 Disclosure during the term of the contract

S 10.4.1 Where applicable, a FSP shall adopt continuous disclosure during the term of a financial product contract through the following methods:

(a) **Notice of changes**: Any change, including but not limited to the terms and conditions, features of products and financial consumers' rights and obligations shall be communicated by a FSP to financial consumers via adequate notices before the changes are introduced. The mode of notification may be in writing via mail or digital means or displayed at the FSP's business premises and website.

[5] "Dispute" in this context refers to any dispute involving the terms and conditions disclosed in the PDS.

(b) **Disclosure on statements**: Statements, which include electronic statements, issued at regular intervals for financial products are necessary to communicate important information to financial consumers during the term of the contract. Periodic statements shall be given by a FSP as soon as practicable **without any charge** to financial consumers. However, for financial products for which periodic statements are issued only upon request, the FSP shall ensure that financial consumers have timely access to the information through other channels without undue cost.

(c) **Disclosure following a specific request**: A FSP shall provide relevant and accurate information as and when requested by financial consumers during the term of the contract. Where a fee may be levied on financial consumers, the FSP shall inform them of the charges and the basis for such charges at the time the financial consumers request for the information.

11 Digital disclosure

G 11.1 Financial consumers' poor engagement with product disclosure is more pronounced in a digital environment due to peculiarities such as smaller screen size and information overload. The speed and ease of proceeding from the selection process to securing the purchase when transacting digitally can also contribute to financial consumers ignoring important pre-contractual disclosure or impede meaningful consideration of product information in their decision-making. The absence of human interaction in the decision-making process heightens the likelihood of financial consumers purchasing a financial product without fully understanding the risks and obligations associated with the product. It is therefore crucial for FSPs to promote effective consumer engagement by enhancing the presentation of product disclosures provided in a digital environment.

S 11.2 With the growing use of digital channels to offer financial products, a FSP shall ensure that product disclosure is compatible with the digital channel used, whilst ensuring compliance with other disclosure requirements in this Policy Document, particularly the requirements specified under paragraphs 9 and 10.

S 11.3 A FSP must ensure that product information disclosed to financial consumers through digital channels is easily accessible, clear and conspicuous to promote consumer engagement and understanding of key product information to facilitate informed decision-making by financial consumers.

S 11.4 A FSP must disclose product information in a manner that enables financial consumers to print or save a copy of the product information for future reference.

G 11.5 A good practice to implement paragraph 11.4 is to prominently display the download button to draw financial consumers' attention on the available option to save a digital copy.

S 11.6 A FSP must include critical product information in the PDS which shall be displayed prominently on the digital channel to draw financial consumers' attention to such information. A FSP shall not include any promotional information within the same page to avoid diverting financial consumers' attention away from the PDS.

S 11.7 A FSP shall ensure that the product information provided on its digital channels are accurate and up to date at the point of disclosure so that financial consumers are able to use such information for making informed decisions.

S 11.8 A FSP shall ensure that financial consumers cannot proceed to the next stage of the contractual process unless they confirm that they have read the entire PDS. When scrolling is necessary, the FSP shall use appropriate techniques to encourage financial consumers to scroll to view the disclosure.

G 11.9 Good practices to implement paragraph 11.8 include using clearly displayed text prompts or visual cues at different parts of the page to convey the importance of reading the PDS and to encourage financial consumers to scroll further to read the PDS.

S 11.10 During the contract term, a FSP shall notify the affected financial consumers of important disclosures on its website or other digital channels in a timely manner using instant communication modes such as SMS or push notification, with details on how to access the disclosure. Notwithstanding this, the FSP shall not use hyperlinks in a SMS to direct financial consumers to the disclosure on its website or other digital channels to prevent the risk of financial scams.

S 11.11 When designing product disclosure materials for a digital channel, a FSP shall pay particular attention to the font size, colour and graphics used to disclose key product information. This is to ensure that these elements enhance the readability and prominence of the product information in relation to other contents displayed on the screen. A FSP must ensure that the disclosure does not include features that draw financial consumers' attention away from the key product information.

G 11.12 The use of more interactive and engaging methods to improve how key product information is presented would entice financial consumers to read and understand such information. A FSP is encouraged to-

a) add a "reading time" cue (e.g. it takes less than five minutes to read the PDS);
b) use interactive tools to help financial consumers understand complex information; and
c) incorporate digital tools such as a loan calculator.

G 11.13 Good practices to enhance readership and improve understanding include incorporating video or audio to explain complex information, FAQs, pop-up warnings on major product risks and quizzes to assist financial consumers in understanding key terms.

S 11.14 When access to relevant product information is provided through a hyperlink on a FSP's digital channels, the FSP shall make it clear that financial consumers will not be asked to provide their personal details online in order to access the product information. This is to mitigate against the risk of phishing and financial scams. The FSP shall also ensure that the hyperlink is-

a) prominent and easy to navigate;
b) labelled appropriately to convey the relevance of information it leads to; and
c) programmed to lead financial consumers directly to the relevant information on the click-through page.

S 11.15 A FSP shall ensure that financial consumers are adequately assisted in their interactions with the FSP in the digital environment by making available a hotline, live chat, chatbot or other interactive tools that are proportionate to the complexity of the financial product offered.

S 11.16 For financial products offered via a digital channel, a FSP shall clearly inform financial consumers at the point of entering into a contract that they will only receive the product disclosure in a digital form[6].

S 11.17 In relation to financial products offered through non-digital channels, prior to implementing disclosure through only digital means[7], a FSP shall notify financial consumers that disclosure will be made in digital form moving forward and enquire if such change in the form of disclosure is acceptable to the affected financial consumers. The FSP shall-

a) give prior written notice of at least seven (7) calendar days to financial consumers before the change takes effect;
b) in the written notice, provide an option for financial consumers to "opt out" and continue with the existing communication mode; and
c) clearly disclose the relevant fees in the event the financial consumers request for a physical copy of the information.

S 11.18 A FSP shall ensure that in making a disclosure via a digital channel, it does not expose financial consumers to heightened security risks, such as phishing, scam, and identity theft.

S 11.19 A FSP shall ensure that any personal information including financial information communicated to financial consumers via a digital channel is adequately protected, such as by using password protection or encryption.

S 11.20 A FSP shall ensure that its website and other digital channels used to deliver product information are accessible to all financial consumers, including vulnerable consumers with visual impairments.

[6] For the avoidance of doubt, for financial products offered via a digital channel, a FSP is not required to provide a physical copy of the product disclosure.

[7] Paragraph 11.17 is applicable when a FSP decides to change the way in which disclosure is communicated to existing customers, i.e. from physical copy to disclosure via digital means only. For example, the FSP will only send soft copy of account statements to the customers.

G 11.21 A FSP is encouraged to adopt internationally recognised web accessibility best practice standards such as the World Wide Web Consortium's ("W3C") Web Content Accessibility Guidelines when developing their websites.

Question 2
What challenges do you anticipate your FSP may face in implementing the new requirements on digital disclosure? Please elaborate on the specific challenges and supplement your feedback with relevant rationale and data, if available.

12 Disclosure of customer information

S 12.1 A FSP intending to disclose customer information (excluding information relating to the account of a customer) with other entities within the financial group or third parties, such as strategic alliances for marketing and promotional purposes, shall obtain the prior written consent of financial consumers expressly authorising such disclosure.

S 12.2 For purposes of paragraph 12.1 and in line with the Policy Document on Management of Customer Information, a FSP that is seeking financial consumers' consent to disclose their information to another person for marketing and promotional purposes shall comply with the following conditions-

a) Specific - The FSP shall ensure that the terms providing financial consumers' consents are clear, concise, and written in plain language. The relevant terms shall be specific in relation to the following:
   i. to whom the disclosure will be made[8];
   ii. the purpose of such disclosure; and
   iii. the information that will be disclosed;

b) Voluntary[9] - The FSP shall not, as a condition of providing a financial product, compel or coerce financial consumers to give their consent for the FSP to disclose their information for marketing and promotional purposes;

c) Explicit and deliberate - Financial consumers must explicitly opt in or deliberately agree[10] for the disclosure of their information by the FSP. The FSP is prohibited from obtaining consent using pre-ticked [11] consent statement; and

d) Revocable upon request - Financial consumers shall be allowed to withdraw their consent given for the disclosure of their information for marketing and

[8] It would be sufficient for a FSP to indicate broadly to whom the customer information will be shared for the marketing and promotion of financial products. E.g. another entity within the financial group or business partners.
[9] Consent is not considered as "voluntary" if the consent was secured using a pre-ticked box which requires financial consumers to opt-out of such arrangement.
[10] For example, signing a consent form, ticking an opt-in box on paper or electronically, or clicking an opt-in button online.
[11] A pre-ticked consent box in an application form does not meet the requirement of "explicit and deliberate" consent by a financial consumer as there is no way to establish that the financial consumer had consented to the pre-ticked box and the applicable term.

promotional purposes at any time. Financial consumers shall be informed of their rights to withdraw their consent and the means to affect such withdrawal of consent. The process for withdrawing the consent must be as straightforward as it was to obtain the consent, for example via online platforms. The FSP shall cease the disclosure of customer information for marketing and promotional purposes as soon as practicable after the withdrawal of the consent by the financial consumers. A reasonable time frame would be not more than seven (7) calendar days from the day the FSP receives the notification on withdrawal of consent.

S 12.3 In relation to paragraph 12.2, a FSP shall allow existing financial consumers to withdraw the consents obtained from them for the disclosure of their information for marketing and promotional purposes, which were given to the FSP prior to the effective date of this Policy Document and the requirement under paragraph 12.2(d) shall apply accordingly.

S 12.4 From the effective date of this Policy Document, paragraphs 12.1 and 12.2 shall apply to all new financial consumers as well as existing financial consumers when they renew their contracts.

13 Disclosure for advertisements

S 13.1 A FSP shall formulate and implement adequate and effective internal systems, processes and procedures to ensure that all advertising materials relating to its financial products comply with the requirements in this Policy Document as well as applicable laws, rules, guidelines and codes of practice in order to protect financial consumers from misleading advertisements and their adverse consequences. In the event of any conflicts, the existing provisions of laws, rules, guidelines and codes of practice imposing a higher standard of conduct shall be applied by the FSP.

13.2 Advertisements shall be clear and not misleading

S 13.2.1 The name of the FSP publishing the advertisement shall be clearly displayed in all advertisements. A FSP shall ensure that its intermediaries only use advertisements that are approved by the FSP. Such advertisements shall contain the intermediary's registered name and the FSP that the intermediary is representing.

S 13.2.2 A FSP must ensure that any advertisements are published in a manner that enables financial consumers to immediately identify it as a promotional material.

S 13.2.3 A FSP must ensure that any information disclosed in any advertisement or promotional material in any media is presented in a manner that is clear and easily understood by financial consumers.

S 13.2.4 A FSP must ensure that an advertisement by the FSP is not misleading, i.e. its presentation deceives or is likely to deceive the person to whom it reaches.

G 13.2.5 Misleading advertisements include, but are not limited to, those containing a false statement of fact, those which conceal important facts or create a false impression, or those that emphasise the benefits without indicating the risks involved.

S 13.2.6 A FSP shall not describe a financial product as “free” or “at no cost” in an advertisement if any charges or conditions may be imposed during the term of the contract.

S 13.2.7 A FSP shall not describe a promotional gift as “free” in an advertisement if additional costs will be charged to financial consumers, or there will be conditions attached to the promotional gift. A FSP shall provide financial consumers with sufficient information about any cost or conditions to be eligible for the promotional gift.

S 13.2.8 A FSP shall highlight important product information in its advertisements. For print media advertisement, a FSP must use legible fonts to bring financial consumers’ attention to important information, such as pricing and charges.

S 13.2.9 A FSP shall consider the perspective of financial consumers when determining which key product information to provide prominence on, in particular, the placement and presentation of such information in terms of font size, colour and other design elements. The FSP shall ensure that the contrast between the colour of text on important product information and the background of an advertisement does not make it hard to read or less likely to be noticed by financial consumers.

S 13.2.10 Where a FSP uses footnotes in its advertisements, the font size shall be proportionate to the rest of the text to be easily readable.

13.3 Advertisements shall disclose accurate and relevant information

S 13.3.1 A FSP must ensure that information relevant to financial consumers, such as product features, risks, costs and benefits which are included in the FSP’s advertisements is accurate. Where rates are given in promotional materials, a FSP shall disclose the effective lending rate or effective deposit rate, where applicable, to facilitate comparison by financial consumers.

S 13.3.2 A FSP must ensure that its advertisements do not seek to influence financial consumers’ understanding of the advertised financial product through the use of inaccurate or ambiguous explanations or material omissions.

S 13.3.3 The benefits of a financial product shall not be exaggerated. A FSP must ensure that any benefit, such as projected future returns, is accompanied by unambiguous statements indicating that the information is predictive in nature and may be affected by the underlying assumptions.

S 13.3.4 A FSP must ensure that an advertisement does not focus only on the benefits without providing a balanced view of the risks associated with a financial product. A FSP shall ensure that statements on risks are prominently disclosed, contain sufficient details and risks are not disguised. The FSP must determine the level of details required to be included in the risk description depending on the form of the advertisement materials and the complexity of the risks.

S 13.3.5 A FSP shall not claim in an advertisement its intention to offer a financial product at a promotional price when in fact the FSP does not intend to supply such financial product at that specified price.

S 13.3.6 In an advertisement notifying financial consumers of a new promotion, a FSP shall clearly disclose to them the duration of the promotional period and the terms and conditions which apply to that particular promotion.

S 13.3.7 If an advertisement is short or general in its content, a FSP shall inform financial consumers of the availability and how to access additional explanatory material on the financial product. All relevant information shall be made available by the FSP upon request by financial consumers.

S 13.3.8 A FSP shall display appropriate warnings, such as the risks associated with a financial product, as a boxed warning statement, where applicable. The FSP must ensure that the warning statement is in a font size proportionate to the rest of the text and highlighted in bold print. For audio advertisement with no visual display, the FSP must ensure that such warning statement is clearly announced at the end of each broadcast.

S 13.3.9 A FSP must ensure that any risk or warnings published in an advertisement shall not be obscured or disguised in any way by the design of the advertisement.

S 13.3.10 A FSP shall ensure that any disclaimer is not hidden or difficult for financial consumers to read and understand.

13.4 Illustration of past and future performance

S 13.4.1 A FSP shall assess if there is a reasonable basis for including future performance information in an advertisement and whether such information is likely to mislead financial consumers. The FSP shall not include future performance information that is supported only by hypothetical or unrealistic assumptions or based solely on an opinion.

S 13.4.2 In advertising a financial product, a FSP shall:

(a) not advertise a financial product in a manner that may give rise to undue expectations by financial consumers based on the projected returns of the financial product;

(b) prominently state that the projected returns are for illustrative purposes only and are not indicative or to be construed as the likely returns;

(c) ensure that any statement or forecast does not mislead financial consumers at the time it is made and clearly state any assumption used; and

(d) not market an investment-related financial product solely based on the projected returns of the financial product.

S 13.4.3 When presenting the past performance of a financial product, a FSP shall:
(a) use the actual, accurate and up-to-date returns of the most recent 5 preceding years (or the available period, if less than 5 years);
(b) ensure that such information is accompanied by a prominent statement to warn financial consumers that past performance is not indicative of future performance; and
(c) clearly state the source of data and period used in the illustration.

13.5 Requirements on digital advertisements

S 13.5.1 A FSP must comply with the requirements under paragraphs 13.2 to 13.4 in respect of digital advertising and marketing of financial products.

S 13.5.2 When advertising financial products through a digital channel, a FSP shall ensure that the digital advertisements are easily identifiable as promotional materials.

S 13.5.3 A FSP shall ensure that important product information is presented in a clear and conspicuous manner, regardless of the type of advertisements or digital channels on which they are displayed. If the product information is too small to be read on a mobile device and the text cannot be enlarged, the FSP shall avoid using such channels for its digital advertisements.

Question 3
What challenges do you anticipate your FSP may face in implementing the new requirements on digital advertisement? Please elaborate on the specific challenges and supplement your feedback with relevant rationale.

14 Language requirement

S 14.1 A FSP shall prioritise the use of Bahasa Malaysia in disclosing product information to financial consumers. In this regard, the FSP shall ensure that all forms and pamphlets are available in Bahasa Malaysia.

S 14.2 A FSP shall make available all product forms and the PDS in languages, including Bahasa Malaysia, that meet the needs of its customer segments.

G 14.3 For comprehensive and lengthy documents such as contracts, agreements, insurance policies and takaful certificates, such documents may be made available in a single language (either Bahasa Malaysia or English).

G 14.4 It is important for financial consumers to understand the relevant forms or the terms and conditions of the contract/agreement and to sign in a language that the consumers can understand.

S 14.5 If a financial consumer requests for the Bahasa Malaysia version of the relevant form or contract/agreement, a FSP must allow the financial consumer to complete the relevant form and sign the contract/agreement in Bahasa Malaysia.

15 Product specific disclosure requirements

S 15.1 Financial consumers require different information for different financial products at each of the three stages of the contractual process[12] to facilitate their informed decision-making. A FSP is required to adhere to product specific disclosure requirements contained in the Schedules apart from complying with general policy requirements under Part B.

S 15.2 A FSP offering financial products with a combination of different features shall observe the respective product specific disclosure requirements set out in the Schedules.

S 15.3 A FSP offering Islamic financial products is required to ensure compliance with Shariah requirements at all times.

S 15.4 The disclosure requirements for insurance and takaful products specified in this Policy Document are applicable to the following types of plans-

a) individual plans;
b) group plans whereby the group master policy owner/takaful participant has no insurable interest/permissible takaful interest; and
c) group plans involving credit-related products.

For group plans under paragraphs 15.4(b) and 15.4(c), the disclosure must be made to all the individuals covered under such group plans.

S 15.5 For group plans other than those mentioned under paragraphs 15.4(b) and 15.4(c), the disclosure must be made to the group master policy owner/takaful participant.

16 Product Disclosure Sheet (PDS)

S 16.1 A FSP shall provide a PDS (following the order and sequence of items as specified in the format provided in the Schedules) for financial consumers to make product comparisons and informed decisions.

G 16.2 For the avoidance of doubt, a FSP may use appropriate infographics, illustrations or colours to draw the attention of financial consumers to important terms in the PDS.

[12] Refers to pre-contractual stage, at the point of entering into a contract and during the term of the contract.

S 16.3 A FSP shall keep the PDS to only two A4 pages and ensure that the information is presented in an easily readable font size.

S 16.4 A FSP shall use active verbs and short sentences of not more than twenty words[13] per sentence to make the PDS easy to read and understand.

S 16.5 A FSP shall ensure the PDS is clearly distinguishable from other marketing materials to enable financial consumers to refer to the PDS for comparison and decision-making.

S 16.6 A FSP shall put in place adequate measures to ensure financial consumers read and understand the PDS prior to entering into a contract. The extent to which the FSP implement the measures shall commensurate with the complexity of the financial product (i.e. adopting a risk-based approach). For example, the level of measures that must be put in place by FSPs to ensure that the financial consumers read and understand the PDS for more complex financial products would be higher as compared to less complex financial products.

G 16.7 To comply with paragraph 16.6, a FSP may consider introducing measures such as requiring financial consumers to complete a quiz after the consumers have read the PDS to test their understanding of the key information disclosed in the PDS, or making calls to financial consumers to verify that they are aware of all the critical terms and conditions of the product purchased by the consumers.

S 16.8 A FSP must provide a copy of the PDS to financial consumers:
(a) before the financial consumers purchase a financial product;
(b) at the point of entering into a contract, if there is a material change in the information; and
(c) at the product renewal stage, if there is a material change in the information.

S 16.9 In the event it is not practical to provide the PDS at the pre-contractual stage, particularly for telemarketing transactions, a FSP must send a copy of the PDS to financial consumers at the point of entering the contract together with the agreement, contract, insurance policy or takaful certificate, as the case may be.

S 16.10 A FSP that distributes its financial products through intermediaries, including through a digital channel, shall customise the information contained in the PDS according to the distribution channel. The FSP shall also disclose specific charges to be borne by financial consumers for securing the sale through its intermediaries, such as the platform, processing or administrative fees.

S 16.11 For financial products that are not set out in the Schedules, a FSP must also provide a PDS on such financial products based on a similar format in the Schedules.

S 16.12 A FSP offering an Islamic financial product must clearly explain to financial consumers on the applicable Shariah contract, including the key terms and conditions if the Shariah contract in use differs from that illustrated in the standard PDS format provided in the Policy Document.

[13] Keeping sentences short will make product disclosure easier to read. Most experts agree that clear writing should have an average sentence length of 15 to 20 words.

G 16.13 The Bank reserves the right to require a FSP to make appropriate amendments to a PDS if information contained in the PDS is found to be inaccurate, incomplete or misleading.

S 16.14 A FSP must immediately make appropriate amendments to the information contained in the PDS upon being informed by the Bank in writing that the PDS is inaccurate or misleading.

Question 4
Do you foresee any practical challenges in implementing the requirements on PDS? Please elaborate on the specific challenges including details on any material changes to processes to meet the requirements. Please provide suggestions for a more effective and interactive PDS format that would enhance consumer engagement and understanding.

17 Compliance

S 17.1 A FSP shall ensure that its intermediaries comply with the requirements under this Policy Document and take appropriate action against any intermediary who fails to make the necessary product disclosure, including to provide the PDS to financial consumers. However, the FSP remains fully accountable for such failure by its intermediaries.

S 17.2 A FSP shall ensure an independent function, such as its internal audit or compliance, assesses the FSP's compliance with the requirements in this Policy Document at least once in every two years.

S 17.3 A FSP must ensure that any non-compliance with the requirements in this Policy Document is properly documented by the FSP. Upon completion of the review, a FSP shall report material non-compliances and the remedial actions to address the relevant non-compliances to the Board.

S 17.4 Senior management shall ensure that timely and appropriate actions are taken by the FSP to rectify any deficiencies detected in the implementation of the requirements in this Policy Document.

Question 5
Do you foresee any practical challenges in implementing the requirements for this section? Please elaborate on the specific challenges including details on any material changes to processes to meet the requirements.

SCHEDULE I: BANKING PRODUCTS

1. Loan/Financing Products[14]

1.1 Pre-contractual stage

S 1.1.1 Interest rate/profit charges

a. A FSP shall inform financial consumers of the expected interest/profit rate that will be imposed on the loan/financing facility and whether it is on a fixed rate, variable rate or a combination of fixed and variable rate basis;
b. A FSP shall disclose the effective interest/profit rate and total repayment/payment amount, including in advertisements and in any promotional materials when interest/profit rate is published, to facilitate comparison by financial consumers;
c. For Islamic financing products, the effective profit rate of a variable rate sale-based financing product refers to the profit rate that financial consumers will effectively pay for the financing, based on the existing reference rate;
d. A FSP shall disclose how interest/profit on the loan/financing facility will be calculated, whether on a daily or monthly rest basis; and
e. For variable rate loans/financing, a FSP shall inform financial consumers of the circumstances under which the interest/profit rate may increase and the effect of a rate increase. For example, whether it would result in an increase in the instalment amount or the loan/financing tenure.

S 1.1.2 On margin of financing, a FSP shall disclose the amount of loan/financing the FSP is able to grant (expressed as a percentage of the value of asset, where applicable) to financial consumers.

S 1.1.3 On tenure, a FSP shall inform financial consumers of the duration of a loan/financing facility.

S 1.1.4 On collateral, a FSP shall disclose to financial consumers whether a collateral is required for a loan/financing facility.

S 1.1.5 Fees and charges

a. A FSP shall inform financial consumers of all fees and charges that are applicable to a loan/financing facility; and
b. A FSP shall clearly disclose the fee for each item, the basis for such fee, when the fee is payable and factors that affect the level of imposition of the fee, if any.

S 1.1.6 Panel lawyers

a. A FSP may provide financial consumers with a list of its panel lawyers;
b. A FSP shall inform the financial consumers that they are not obliged to utilise the FSP's panel lawyers;

[14] Insurers and takaful operators offering loan/financing products to financial consumers must also comply with these disclosure requirements.

c. A FSP shall not pressure or coerce financial consumers to use its panel lawyers; and
d. A FSP must ensure that the use of non-panel lawyers by financial consumers will not affect the loan/financing approval.

S 1.1.7 Insurance/takaful

a. A FSP shall indicate any insurance/takaful requirement and the coverage required as a condition of a loan/financing facility, for example, mortgage reducing term assurance (MRTA), mortgage reducing term takaful (MRTT) or mortgage level term takaful (MLTT);
b. A FSP may provide quotations to financial consumers on any compulsory insurance/takaful coverage offered by the FSP's panel of insurers/takaful operators;
c. A FSP shall inform the consumers that they are not obliged to purchase any insurance/takaful coverage from the FSP's panel of insurers/takaful operators;
d. A FSP shall not purchase any policy/takaful certificate on behalf of financial consumers from the FSP's panel of insurers/takaful operators without the expressed written consent of the financial consumers; and
e. For Islamic financing products, a FSP shall inform financial consumers that the FSP can only finance the cost of MRTT/MLTT but not the cost of the MRTA.

S 1.1.8 On guarantor, a FSP shall indicate to financial consumers of any requirement for a guarantor and inform the guarantor of his rights and obligations as a guarantor.

S 1.1.9 Disclosure by FSP's representatives and agents

a. A FSP's sales and marketing representatives and agents when contacting financial consumers must clearly identify the FSP it is representing; and
b. The FSP's representatives and agents must explain the key terms, benefits and risks of the product or service being offered to financial consumers.

S 1.1.10 Shariah concepts: For Islamic financing products, a FSP shall inform financial consumers of the Shariah concepts applicable to the financing facility. For example, financing facility under a Murabahah concept is a method of sale with a marked-up price where financial consumers pay a price over an agreed period of time. For equity-based financing, the FSP is required to disclose the profit and loss-sharing ratio to financial consumers.

1.2 At the point of entering into a contract

S 1.2.1 Amount and terms of loan/financing

a. A FSP shall inform financial consumers of the loan/financing amount, the applicable terms and total repayment amount at the end of the tenure, including the total amount of interest/profit charges on an approved loan/financing facility;
b. For Islamic financing products, a FSP shall also disclose the financing amount that includes the selling price or total rental, whichever is applicable;
c. In disclosing the total repayment/instalments amount and the total interest/profit charges for a variable rate loan/financing facility, a FSP shall

inform financial consumers that such information is accurate only if the interest/profit rate remains unchanged; and

d. A FSP shall inform financial consumers of the timing when interest/profit charges will be debited into the loan/financing account.

S 1.2.2 Repayment/payment schedule[15]

a. A FSP shall provide financial consumers with a repayment/payment schedule containing the date of the first instalment, the number of instalments to be paid, the frequency of payment and the amount to be paid for each instalment;
b. For a variable rate loan/financing, a FSP shall inform financial consumers that the repayment/payment schedule is based on the interest/profit rate that was in effect at the time the loan/financing agreement is signed; and
c. A FSP shall highlight to financial consumers that the actual payments will be higher than the amount shown in the schedule if the interest/profit rate increases during the tenure of the loan/financing facility.

S 1.2.3 Late payment/compensation charges[15]

a. A FSP shall disclose to financial consumers when late payment/compensation charges will be imposed on them and the rate of late payment/compensation charges to be imposed; and
b. A FSP shall also disclose the manner in which the late payment/compensation charges will be computed.

S 1.2.4 Lock-in period and early settlement[15]

a. A FSP shall clearly inform financial consumers of any applicable lock-in period;
b. A FSP shall disclose any early settlement charges payable by financial consumers if a loan/financing facility is terminated before the end of the lock-in period, the method for calculation of such charges and when they are due;
c. If a rebate for early settlement is applicable, a FSP shall inform financial consumers of the rebate entitlement and the method for calculating such rebate; and
d. A FSP must inform financial consumers of any rebate for MRTA/MRTT, if applicable.

S 1.2.5 Pre-payment/Overpayment[15]

a. A FSP shall inform financial consumers on whether pre-payment or overpayment of the monthly instalment is allowed and the impact on the calculation of interest/profit charges;
b. The FSP shall alert financial consumers of the amount of any pre-payment or overpayment penalty/charge that may be imposed; and
c. The FSP shall inform financial consumers of the process for making such payments.

[15] The FSP must observe any relevant requirements in the Guidelines on Ibra'(Rebate) for Sale-Based Financing and Guidelines on Late Payment Charges for Islamic Banking Institutions.

S 1.2.6 Right to set-off

a. A FSP shall inform financial consumers of the FSP's right to set-off any credit balance in the financial consumers' accounts against any debit balance in other accounts maintained with the FSP; and
b. The FSP shall disclose the circumstances in which the FSP will exercise its right to set off the consumers' accounts.

S 1.2.7 A FSP shall inform financial consumers of its right to outsource debt collection to a third-party debt collection agency and to sell impaired loan/financing to a third party.

S 1.2.8 A FSP shall highlight to financial consumers the implications on the loan/financing facility in the event of the death of the borrower or joint borrower during the tenure of the loan/financing facility.

S 1.2.9 Default

a. A FSP shall inform financial consumers of the possible actions that may be taken by the FSP in the event of default by the financial consumers; and
b. For Islamic financing products, a FSP shall clearly explain the default mechanism based on the different Shariah concepts applicable to the financing facility. Relevant illustrations shall be provided by the FSP to ease financial consumers' understanding of the default mechanism.

S 1.2.10 A FSP shall inform financial consumers of the importance of notifying the FSP of any change in the financial consumers' contact details.

1.3 During the term of the contract

S 1.3.1 Loan/financing statement

a. A FSP shall provide a loan/financing statement to financial consumers at least once a year. The statement shall indicate the outstanding balance at the beginning and end of the period covered by the statement, the amount credited and charged and the dates when those amounts were posted to the account; and
b. A FSP shall deliver the loan/financing statement to financial consumers via mail, unless they request for electronic statements. The FSP shall also inform financial consumers on any alternative means of obtaining the loan/financing statement.

S 1.3.2 Change in interest/profit rate

a. A FSP shall inform financial consumers of any change in the interest/profit rate of a loan/financing facility at least seven (7) calendar days prior to the date the revised instalment amount comes into effect;
b. A FSP shall provide financial consumers with particulars of the revised instalment or rental payable; and
c. A FSP shall ensure that the mode of notification allows the information to reach financial consumers in a timely manner in order for the consumers to make repayment/payment on time.

S 1.3.3 Change to terms and conditions

a. A FSP shall inform financial consumers at least twenty-one (21) calendar days prior to the effective date of implementation of the revised terms and conditions of the loan/financing facility, including fees and charges; and
b. Communication with financial consumers shall be done in writing or electronically.

S 1.3.4 Intention to set-off

a. If a FSP has the right to set-off any credit balance in financial consumers' accounts against any outstanding balance in the loan/financing accounts, the financial consumers shall be informed at least seven (7) calendar days in advance on the FSP's intention to set-off a credit balance in the financial consumers' accounts against a debit balance in the loan/financing accounts; and
b. The FSP shall only earmark the available funds in the financial consumers' accounts against the outstanding balance in the loan/financing accounts upon the issuance of the notice to the financial consumers.

S 1.3.5 Delinquent accounts

a. A FSP shall ensure that delinquent financial consumers are given sufficient reminders on the amount outstanding and interest/profit charges incurred on the delinquent accounts. The FSP shall warn financial consumers of possible actions that the FSP may take if reminders to keep up with the repayment of amount outstanding and interest/profit charges incurred are ignored;
b. A FSP shall inform financial consumers at least seven (7) calendar days in advance if the collection of the outstanding amount and interest/profit charges incurred for a delinquent account is to be outsourced to a third party debt collection agency. This notification time frame also applies to consumers whose delinquent accounts have been classified as impaired loan/financing and sold to a third party. In this regard, a FSP shall notify the affected financial consumers within seven (7) calendar days of obtaining a vesting order from the Court;
c. In the notice to financial consumers, a FSP shall inform them of the impact on their rights and obligations after the debt collection has been outsourced to a third party debt collection agency or the impaired loan/financing has been sold to a third party. A FSP must also send a copy of the notice to the guarantor, if applicable;
d. Under specific circumstances where financial consumers are not contactable, a FSP is considered to have fulfilled its obligation if such notice has been sent to the last known address of financial consumers at least seven (7) calendar days in advance before the outsourcing of the debt collection or the sale of the impaired loan/financing;
e. A FSP shall provide financial consumers with the name and contact details of the appointed third-party debt collection agency or the third party to whom the impaired loan/financing has been sold; and
f. A FSP shall inform financial consumers of the services of Agensi Kaunseling Dan Pengurusan Kredit (AKPK) by incorporating the following note in all reminders sent to financial consumers in a legible font size:

English version
"Agensi Kaunseling Dan Pengurusan Kredit has been established by Bank Negara Malaysia to provide free services on money management, credit counselling, financial education and debt restructuring for individuals."

Bahasa Malaysia version
"Agensi Kaunseling Dan Pengurusan Kredit telah ditubuhkan oleh Bank Negara Malaysia untuk menyediakan perkhidmatan pengurusan kewangan, kaunseling kredit, pendidikan kewangan dan penstrukturan semula pinjaman secara percuma kepada individu."

2. Loan/Financing Products - Disclosure to social guarantor

S 2.1 A FSP shall observe the disclosure requirements under this section when accepting a guarantee from a social guarantor as security for a loan/financing product.

G 2.2 The requirements under this part are not applicable to a loan/financing product granted to:
a) an individual for business use; and
b) an individual whose spouse is the guarantor of the loan/financing product.

2.3 Pre-signing stage

S 2.3.1 Prior to the signing of a guarantee by a social guarantor, a FSP shall ensure that-
a) the financial consumer discloses in writing to the social guarantor, all credit facilities granted to the financial consumer by any other FSP and all guarantees given by the financial consumer personally, for which the consumer is personally liable. The FSP must obtain a copy of the disclosure letter from the financial consumer for its record;
b) the financial consumer provides a written permission to the FSP for the FSP to disclose to the social guarantor all correspondence between the FSP and the financial consumer during the loan/financing tenure;
c) the social guarantor is informed in writing by the FSP of his/her rights and obligations in respect of the loan/financing applied by the financial consumer; and
d) the social guarantor confirms in writing his/her receipt of the disclosure and his/her willingness to act as a guarantor for the loan/financing product. Upon receipt of the confirmation letter, the FSP shall give the social guarantor a consideration period of five (5) working days to reconsider his/her decision before the social guarantor executes the contract of guarantee.

2.4 Post-signing stage

S 2.4.1 After the disbursement of the loan/financing, a FSP shall send to the social guarantor a copy of the financial consumer's account statement (at least once a year), reminders of late payment and letter of demand, as the case may be.

S 2.4.2 On the application of the social guarantor, a FSP shall allow him to withdraw himself/herself as a guarantor, provided that the new social guarantor agrees to take on the present, past and future liabilities of the existing guarantee in respect of the loan/financing.

S 2.4.3 A FSP shall comply with all the pre-signing disclosure requirements under paragraphs 2.3.1 to 2.3.4 for the new social guarantor.

2.5 Requirements upon default by the consumer

S 2.5.1 Upon a financial consumer's default in repaying the loan/financing, a FSP shall seek debt repayment, commence debt recovery action and exhaust all modes of execution and enforcement to recover the debt from the financial consumer first before initiating an action in court against the social guarantor.

G 2.5.2 For the purpose of paragraph 2.5.1, modes of execution and enforcement include seizure and sale, judgment debtor summon, garnishment and bankruptcy proceedings against the financial consumer.

G 2.5.3 If a FSP is still unable to recover the debt from the financial consumer after one year from the date of initiation of legal action against the financial consumer, the FSP may initiate an action in court against the social guarantor.

3. Deposit Products (including Islamic Deposits)

3.1 Pre-contractual stage

S 3.1.1 A FSP shall inform financial consumers of the availability of the basic savings account (BSA) and basic current account (BCA) and the key features of such accounts.

S 3.1.2 Deposit amount

a. A FSP shall disclose to financial consumers the initial deposit amount required to open an account other than BSA and BCA as well as the minimum deposit to be maintained in the account; and
b. A FSP shall inform financial consumers of the consequences of not maintaining the minimum deposit in the account, for example, the imposition of a monthly service fee.

S 3.1.3 A FSP shall inform financial consumers whether a deposit account is insured by Perbadanan Insurans Deposit Malaysia and other related information, including the limit of coverage for the deposit account.

S 3.1.4 Fees and charges

a. A FSP shall disclose all applicable fees and charges imposed on the deposit account that must be borne by the financial consumer; and
b. If a FSP's ATM card allows withdrawals from ATMs abroad, the FSP shall disclose the relevant transaction fees and the basis used in determining the conversion rate on the amount withdrawn abroad.

S 3.1.5 Deposit rate[16]

a. A FSP shall disclose to financial consumers, the interest/profit rate that will be paid on the deposit, the frequency of interest/profit payment and any circumstances that might affect the interest/profit payment;
b. For deposit products with fixed tenure, a FSP shall disclose to financial consumers the effective annual yield including in its advertisements and any promotional materials when the deposit rate is given to facilitate comparison by financial consumers;
c. A FSP must inform financial consumers if a minimum deposit amount is required for the account to be eligible for interest/profit sharing; and
d. Information on deposit rates including the effective dates of these rates shall be prominently displayed by a FSP at its business premises and website.

For Islamic deposit products

S 3.1.6 A FSP shall inform financial consumers of the Shariah concepts applicable to the deposit product, including the rights and obligations of financial consumers. For example, the concept of qard refers to a lending contract where a FSP acts as a borrower. Therefore, the FSP is bound to repay the principal amount in full to the financial consumer upon request. In the case of fixed deposit, the concept of tawarruq refers to an arrangement of two sale and purchase contracts. Under the tawarruq arrangement, the FSP acts as an agent of the financial consumer to purchase commodity on spot basis and subsequently sells the commodity to the FSP on deferred basis, where the FSP pays the amount due to the financial consumers based on the agreed terms, e.g. lump sum upon maturity.

3.2 At the point of entering into a contract

S 3.2.1 A FSP shall inform financial consumers of the applicable charges that will be imposed if the account is overdrawn without a prior overdraft arrangement or beyond the overdraft limit when overdraft arrangement exists.

S 3.2.2 Right to set-off

a. A FSP shall inform financial consumers of its right to set-off any credit balance in financial consumers' deposit accounts against any debit balance in other accounts maintained with the FSP; and
b. The FSP shall disclose the circumstances in which the FSP will exercise its right to set off the consumers' accounts.

S 3.2.3 A FSP shall inform financial consumers of any charges on any "stop payment" instruction received from the financial consumers.

S 3.2.4 Early closure of account/Early withdrawal of fixed deposit

a. A FSP shall disclose any applicable charges on the early closure of a deposit account within a specified time frame; and
b. A FSP shall inform financial consumers of the implication of uplifting a fixed deposit before its maturity.

[16] For Islamic deposit products, FSP must adhere to Shariah requirements outlined in the respective Shariah standards. For example, the disclosure of indicative deposit rates in advertisements or promotional materials is prohibited under the Qard PD.

S 3.2.5 Operation of a joint account

a. Should financial consumers choose to operate a joint account, a FSP shall disclose the following information-
   i. the rights and responsibilities of each accountholder of the joint account;
   ii. implications of the signing arrangement as specified in the account mandate; and
   iii. the manner in which such designated signatories or signing arrangement can be varied by one or both of the joint accountholders;
b. A FSP shall inform financial consumers of its right to set-off the credit balance in the joint account against the debit balance in another account which is held by one or both of the joint accountholders; and
c. A FSP shall also inform financial consumers of the implications to the joint account in the event of the death of one of the joint accountholders.

S 3.2.6 A FSP shall inform financial consumers of the importance of proper safekeeping of the savings passbook/certificate of deposit, the procedures involved if the savings passbook/certificate of deposit is lost and any applicable charges in obtaining a new savings passbook/certificate of deposit.

S 3.2.7 A FSP shall inform financial consumers of the circumstances under which a deposit account is designated as dormant/inactive.

S 3.2.8 A FSP shall inform financial consumers of the importance of notifying the FSP of any change in the financial consumers' contact details.

3.3 During the term of the contract

S 3.3.1 Account statement

a. For a deposit account without a passbook, a FSP shall provide an account statement to financial consumers at least on a quarterly basis in a calendar year;
b. If financial consumers request for additional statements, a FSP shall inform them of any applicable charges upon the request for such statements; and
c. For a deposit account for which statements are made available via a digital channel, a FSP shall clearly disclose the applicable fees in the event financial consumers request for a physical copy of the account statement.

S 3.3.2 Change in deposit rate

a. A FSP shall notify financial consumers of any revision to the deposit rate; and
b. Notice on the revision must be prominently displayed by a FSP at the FSP's business premises and website.

S 3.3.3 Change to the terms and conditions

a. Should there be any change in the terms and conditions, including fees and charges applicable to the deposit account, a FSP shall notify financial consumers at least twenty-one (21) calendar days prior to the effective date of implementation of the revised terms and conditions; and
b. Communication by FSP to financial consumers must be done in writing or electronically.

S 3.3.4 Dormant/Inactive account

a. A FSP shall send a reminder without any charge to financial consumers informing about the impending dormancy and ultimate transfer of funds from the account to the Registrar of Unclaimed Moneys (RUM). The reminder by the FSP shall be given within a reasonable time;
b. In the reminder, the FSP shall inform financial consumers of the option to reactivate or close the account before funds in the account are transferred to the RUM;
c. A FSP shall notify financial consumers at least twenty-one (21) calendar days before the transfer to the RUM takes place; and
d. A FSP shall inform financial consumers on the procedures involved in claiming the moneys from the RUM, upon request by financial consumers.

3.4 Investment Account

S 3.4.1 A FSP shall comply with the disclosure requirements as set out in the policy document on Investment Account in relation to an investment account.

4. Negotiable Instruments of Deposit (NID)/Islamic Negotiable Instruments (INI)

S 4.1 As indicated in paragraph 2.2 under Part A, a FSP must comply with the disclosure requirements for Negotiable Instruments of Deposit (NID) and Islamic Negotiable Instruments (INI) offered to both financial consumers and institutional customers.

G 4.2 A FSP may refer to the "Explanatory Notes on NID and INI" for additional guidance.[17]

Part I. General disclosure requirements for NID and INI

4.3 Pre-contractual stage

S 4.3.1 Description and terms and conditions

A FSP shall provide financial consumers and institutional customers with a description and key terms and conditions of the financial product, including but not limited to the following information-

a. Type and features-
   i. Tenure;
   ii. Issue amount;
   iii. Issuance at par, premium or discount;
   iv. Format (e.g. scripless without NID/INI certificates);
   v. Applicable Shariah contract (for INI); and
   vi. Underlying asset(s) for INI based on sale contract;
b. Interest/profit-
   i. Proceeds computation; and
   ii. Frequency of payment;
c. Procedures for redemption of interest/profit; and
d. Redemption procedures upon maturity.

17 The "Explanatory Notes on NID and INI" can be obtained from the FAST website at https://fast.bnm.gov.my/fastweb.

S 4.3.2 A FSP shall clearly inform financial consumers and institutional customers that a NID and INI are not insured by Perbadanan Insurans Deposit Malaysia. A FSP must prominently present such information in a warning box in all advertisements and promotion materials.

S 4.3.3 A FSP shall disclose to financial consumers and institutional customers the nature, amount and frequency of payment of all applicable fees and charges.

S 4.3.4 Suitability (only applicable to financial consumers)

a. A FSP shall inform financial consumers of situations in which the financial product will be suitable for them. The FSP shall assess whether-
   i. the NID or INI matches the financial consumers' investment objective and risk appetite;
   ii. the consumers understand the financial risks and potential losses that may arise from investing in the financial product; and
   iii. the tenure of NID or INI matches the financial consumers' investment horizon.

4.4 At the point of entering into a contract

S 4.4.1 Early withdrawal by financial consumers

a. A FSP shall inform financial consumers of the tenure of the NID/INI and that the principal amount is only guaranteed if held to maturity;
b. A FSP shall also inform financial consumers and institutional customers of the possibility of partial losses on the principal amount due to early withdrawal; and
c. For an INI, the FSP shall clearly disclose that any reduction in the principal or profit payment upon early withdrawal shall be based on the Shariah contract applied for the INI.

S 4.4.2 Early termination by issuer and callability feature

a. A FSP shall inform financial consumers and institutional customers of any early termination or callability feature of the NID/INI. The FSP shall also clearly disclose the terms and conditions, including the return of principal and any accrued interest/income, and how the accrued interest/income is calculated.

S 4.4.3 A NID/INI that merely adopts an investment strategy aimed at returning financial consumers' and institutional customers' capital but is not guaranteed, shall not be represented as a capital protected product or any other name that connotes a similar meaning.

S 4.4.4 A FSP shall clearly disclose to financial consumers and institutional customers any significant risks (e.g. credit risk and market risk) associated with the NID/INI.

S 4.4.5 Availability of information

a. The FSP shall inform financial consumers and institutional customers of the availability of the following information-
   i. Buy-back price of the NID/INI;
   ii. Performance of the underlying assets in pricing the NID (only applicable to floating rate NID) or INI (e.g. for INI based on Mudarabah); and
   iii. Any other prevailing general and operational information on the NID/INI.

S 4.4.6 Risk warning statement

a. A FSP shall provide the following risk warning statement in the product document and according to the format below for NID/INI products with investment tenure of 5 years or less; and
b. For NID/INI products with investment tenure above 5 years, the FSP shall comply with the risk warning statement requirement imposed by the Securities Commission.

Format for NID:

WARNING
THIS PRODUCT IS PRINCIPAL GUARANTEED BY THE ISSUING BANK UPON MATURITY ONLY. IF THE PRODUCT IS REDEEMED OR SOLD PRIOR TO MATURITY, THE CUSTOMER MAY LOSE PART OF THE INITIAL DEPOSIT. THE CUSTOMER IS REMINDED THAT THIS PRODUCT IS NOT INSURED BY PERBADANAN INSURANS DEPOSIT MALAYSIA.

Format for INI based on equity contract:

WARNING
THIS PRODUCT IS NOT PRINCIPAL GUARANTEED. CUSTOMER MAY LOSE PART OR ALL OF THE INITIAL DEPOSIT. THE RETURNS ON THIS PRODUCT ARE UNCERTAIN AND CUSTOMER RISKS EARNING NO RETURNS AT ALL. THIS PRODUCT IS NOT COVERED BY PERBADANAN INSURANS DEPOSIT MALAYSIA.

Format for INI based on sale contract:

WARNING
THIS PRODUCT IS PRINCIPAL GUARANTEED. CUSTOMER WILL BE PAID THE SELLING PRICE UPON MATURITY. IF THE PRODUCT IS REDEEMED OR SOLD PRIOR TO MATURITY, THE CUSTOMER MAY LOSE PART OF THE SELLING PRICE. THIS PRODUCT IS NOT COVERED BY PERBADANAN INSURANS DEPOSIT MALAYSIA.

A FSP shall present the risk warning statement in:

i. Arial 12-point font in bold capital letters, at the bottom of every page of any document released pertaining to an issue or offer of NID/INI products; and
ii. Arial font bold capital letters, on the first and last page of any advertising or promotional materials, in a font size no smaller than the rest of the content. The text must be capable of being read with reasonable ease.

S 4.4.7 A FSP shall inform financial consumers and institutional customers of the importance of notifying the FSP of any change in contact details.

Part II. Additional disclosure requirements for Floating Rate NID (FRNID)

S 4.5 For FRNID, a FSP shall market and term such product in all advertising materials and contract as “Floating Rate Negotiable Instruments of Deposit”. A FSP shall not use terms such as “structured deposits”, “structured investment” or any other terms that may be construed as a product other than FRNID.

4.6 Pre-contractual stage

S 4.6.1 Apart from meeting the requirement under paragraph 4.3.1(a), the FSP shall make available the following information in relation to any issue or offer of FRNID-

a. type and features specification;
b. index or underlying assets used; and
c. potential interest rate and/or proceeds.

4.7 At the point of entering into a contract

S 4.7.1 Illustration of past and/or future performance

a. A FSP shall highlight to financial consumers and institutional customers that past performance of the FRNID is not indicative of future performance;
b. A FSP shall include three forward looking scenarios - bull (best case where feasible), flat (moderate case) and bear (worst case) to enhance financial consumers’ and institutional customers’ understanding of the impact of different scenarios. The assumptions used by the FSP shall be reasonable and clearly disclosed; and
c. When using past performance of the underlying instruments to project future performance, a FSP shall use actual returns of the most recent 5 years (or the available period, if shorter).

S 4.7.2 A FSP shall inform financial consumers that in the event the financial consumers sell the FRNID to another financial consumer, the FSP that issued the FRNID will be required to conduct an assessment on the buyer’s suitability prior to transferring the FRNID to the new buyer and the FSP has the right to refuse such transfer if the assessment indicates a lack of customer suitability.

S 4.7.3 Risk warning statement

a. For FRNID products with an investment tenure of 5 years or less, the FSP shall substitute the risk warning statement in paragraph 4.4.6 (the font size requirements still apply) with the format below; and
b. For FRNID products with an investment tenure exceeding 5 years, the FSP shall comply with the risk warning statement requirement imposed by the Securities Commission.

WARNING
THIS PRODUCT IS PRINCIPAL GUARANTEED BY THE ISSUING BANK UPON MATURITY ONLY. IF THE PRODUCT IS REDEEMED OR SOLD PRIOR TO MATURITY, THE CUSTOMER MAY LOSE PART OF THE INITIAL DEPOSIT AMOUNT. THE RETURNS ON THIS PRODUCT ARE UNCERTAIN AND THE CUSTOMER RISKS EARNING NO RETURNS AT ALL. THE CUSTOMER IS REMINDED THAT THIS PRODUCT IS NOT INSURED BY PERBADANAN INSURANS DEPOSIT MALAYSIA.

4.8 During the term of the contract

S 4.8.1 A FSP shall provide a statement detailing the performance of the FRNID product to financial consumers and institutional customers at least once a year.

5. Investment linked to derivatives (ILD) / Islamic investments linked to derivatives (IILD)

5.1 Pre-contractual stage

S 5.1.1 Product description

a. A FSP shall provide a description of the financial product to financial consumers, including but not limited to the following information-
   i. brief explanation of the applicable Shariah concepts, if applicable;
   ii. capital guaranteed or non-capital guaranteed;
   iii. investment tenure;
   iv. yield computation and frequency of yield payment;
   v. index or underlying asset(s); and
   vi. key terms and conditions.

S 5.1.2 Deposit insurance

a. A FSP shall inform financial consumers whether an ILD/IILD is covered by Perbadanan Insurans Deposit Malaysia. The FSP shall present such information prominently in all advertisements and promotional materials; and
b. A FSP shall not label an ILD/IILD as “structured deposit” to avoid giving financial consumers the impression that such product is a deposit product.

S 5.1.3 Suitability

a. A FSP shall alert financial consumers to assess the suitability of the ILD/IILD by considering whether:
   i. the tenure of the ILD/IILD matches the financial consumers’ investment horizon;
   ii. the ILD/IILD matches the financial consumers’ investment objectives and risk appetite; and
   iii. the consumers understand the financial risks and potential losses that may arise from investing in the ILD/IILD.

S 5.1.4 A FSP shall disclose and explain to the financial consumers, the nature, amount and frequency of payment of all applicable fees and charges.

S 5.1.5 Disclosure by sales and marketing representatives

a. A FSP must ensure that the FSP's sales and marketing representatives contacting financial consumers clearly identify the FSP being represented; and
b. A FSP must ensure that the sales and marketing representatives shall explain to the financial consumers, the key terms, benefits and risks of the investment product being offered.

5.2 At the point of entering into a contract

S 5.2.1 Risks and returns

a. A FSP shall provide clear and adequate explanation to financial consumers of all material risks of investing in the ILD/IILD, including potential loss of the principal sum invested if such product is not held to maturity, so that financial consumers could make an informed investment decision. A FSP shall determine the level of detail required to be disclosed to financial consumers depending on the complexity and nature of the risks involved; and
b. In disclosing the benefits of the ILD/IILD product, the FSP shall provide a balanced view by highlighting the ILD/IILD's potential upside and downside and clearly state key assumptions made.

S 5.2.2 Illustration of past and future performance

a. When using past performance of the underlying instruments to project future returns of the ILD/IILD, a FSP shall use actual returns of the most recent five (5) years (or the available period, if shorter). The FSP shall clearly state that past performance is not indicative of future performance. Likewise, when using any forecast of the economic trends of the markets, the FSP shall include a prominent warning that such forecast is not indicative of the ILD/IILD's future returns;
b. A FSP is not allowed to market an ILD/IILD based on projected/expected returns. Illustrations of potential gains and losses through numerical examples based on bull, flat and bear scenarios are allowed to enhance financial consumers' understanding of the impact of different scenarios in relation to such product. If numerical examples are illustrated, a FSP must ensure that all three scenarios are given and shall illustrate losses under the bear scenario, where applicable. A FSP must ensure that the assumptions used shall be reasonable and shall clearly state such assumptions in the disclosure to financial consumers;
c. A FSP must ensure that any comparison of performance figures shall be relevant and accurate, comparing "like to like" so that the presentation to financial consumers is not misleading; and
d. A FSP must ensure that there is reasonable basis for any opinion expressed by the FSP including the opinion and must clearly stated that it is a statement of opinion.

S 5.2.3 Risk warning statement

a. For ILD/IILD whose market price, value, delivery or payment obligations are solely derived from, referenced to or based on exchange rates, the FSP shall highlight the following risk warning statement at the bottom of every page of any document released and any advertisement on the ILD/IILD

WARNING
THE RETURNS ON THIS INVESTMENT WILL BE AFFECTED BY THE PERFORMANCE OF THE UNDERLYING ASSET/REFERENCE, AND THE RECOVERY OF YOUR PRINCIPAL INVESTMENT MAY BE JEOPARDISED IF YOU MAKE AN EARLY REDEMPTION.

[WHERE THE ILD/IILD IS NOT INSURED BY PIDM TO ADD: **"THIS INVESTMENT IS NOT INSURED BY PERBADANAN INSURANS DEPOSIT MALAYSIA"]**

For ILD/IILD products other than ILD/IILD whose market price, value, delivery or payment obligations are solely derived from, referenced to or based on, exchange rates, a FSP must adopt the following risk warning statement.
A FSP shall present the risk warning statement in:

WARNING
THE RETURNS ON YOUR STRUCTURED PRODUCT INVESTMENT WILL BE AFFECTED BY THE PERFORMANCE OF THE UNDERLYING ASSET / REFERENCE. THE RECOVERY OF YOUR PRINCIPAL INVESTMENT MAY BE JEOPARDISED IF YOU MAKE AN EARLY REDEMPTION.

[WHERE THE ILD/IILD IS NOT INSURED BY PIDM TO ADD: **"THIS INVESTMENT IS NOT INSURED BY PERBADANAN INSURANS DEPOSIT MALAYSIA"]**

i. Arial 12-point font in bold capital letters, at the bottom of every page of any document released pertaining to an issue or offer of ILD/IILD products; and
ii. Arial font bold capital letters, on the first and last pages of any advertising or promotional materials, in a font size no smaller than the rest of the content. The text must be capable of being read with reasonable ease.

S 5.2.4 Early termination

a. For ILD/IILD product where the principal sum invested is only guaranteed if is held to maturity, a FSP shall highlight to financial consumers the consequence, restriction and procedures of terminating the investment before maturity. The FSP shall alert the financial consumers of any potential loss of the principal amount for early termination. The FSP shall also clearly disclose early termination charges, if any;
b. If a FSP has the right to redeem the ILD/IILD before its maturity and with no compensation to financial consumers, the FSP shall highlight to the consumers of such right. A FSP shall clearly explain to the financial consumer the

computation of the impact on returns shall be clearly explained to the consumers; and

c. A FSP shall ensure that the maximum potential loss to financial consumers is limited to the amount of capital invested.

S 5.2.5 Use of the term "Capital guarantee"

a. A FSP must ensure that an ILD/IILD that merely adopts an investment strategy aimed at returning financial consumers' capital but is not guaranteed, is not represented as a capital protected or capital guaranteed product or by any other name that connotes a similar meaning; and
b. A FSP must ensure that an ILD/IILD is represented as capital guaranteed only if the guarantee is explicitly provided for by the FSP or a third party which is a FSP licensed under the laws administered by the Bank and which fulfils the principles outlined in the Policy Document on Mudarabah. The FSP shall disclose the following information to financial consumers-
   i. the name and credit rating of the guarantor, if the guarantor is a third party;
   ii. the material terms and scope of the guarantee (for example, where capital is only guaranteed if held to maturity); and
   iii. appropriate cautions with regard to counterparty risks associated with any guarantee, in particular those associated with any third-party guarantor.

S 5.2.6 A FSP shall inform financial consumers if a cooling-off period[18] is applicable to the ILD/IILD and the relevant conditions under which the cooling-off period is applicable.

S 5.2.7 A FSP shall inform financial consumers of the availability of pertinent information on their investments, for example, recent performance of the index or relevant information on the underlying assets.

S 5.2.8 Change of contact details: A FSP shall inform financial consumers of the importance of notifying the FSP of any change in their contact details.

5.3 During the term of the contract

S 5.3.1 A FSP shall provide a statement on the performance of the ILD/IILD to financial consumers at least once a year.

6. Electronic Banking Services

6.1 Pre-contractual stage

S 6.1.1 A FSP shall inform financial consumers of the following before they sign up for e-banking services-

a. a description of the types of transaction that financial consumers can perform via e-banking;
b. the risks involved in the use of e-banking, including the types of fraud;
c. all applicable fees and charges (i.e. one-time, periodic or transaction basis);

[18] A cooling-off period allows financial consumers to terminate the contract within a specified period and obtain a full refund of the money paid.

d. the default daily or transaction limits and the option for financial consumers to change and set their own limits based on their needs and risk appetite;
e. the precautionary measures that should be taken by the financial consumer in ensuring the safe use of e-banking services; and
f. the importance of providing an accurate and up-to-date mobile number to receive transaction alerts.

6.2 At the point of entering into a contract

S 6.2.1 a. A FSP shall provide the terms and conditions for e-banking services to financial consumers at the point they sign up for e-banking services. The FSP must also make available the terms and conditions on the FSP's website, which shall be accessible to financial consumers at any time. A FSP must ensure that the terms and conditions for e-banking shall at a minimum cover the following-

i. rights and responsibilities of financial consumers;
ii. duties of the FSP to financial consumers;
iii. details on how financial consumers must notify the FSP of any unauthorised use of the e-banking services;
iv. the circumstances and the extent to which financial consumers are liable for any unauthorised transaction; and
v. information relating to the FSP's dispute resolution avenues and procedures;

S 6.2.2 A FSP shall inform financial consumers of the importance of reading and understanding the terms and conditions for e-banking services, particularly those terms relating to the consumers' responsibilities in using the e-banking services.

S 6.2.3 A FSP shall clearly inform financial consumers of their responsibilities, which include financial consumers' obligations-

a. to abide by the terms and conditions and use the e-banking services in a responsible manner;
b. take reasonable steps to keep the access identification (ID), pass code and any authentication device secure at all times, including at the financial consumer's place of residence. These include-

i. not to keep a record of the ID and pass code in a manner that is easily recognisable and accessible to any other person;
ii. not to disclose the ID and pass code to anyone, including family members, friends and the FSP's staff;
iii. not to allow anyone to use the financial consumer's e-banking services; and
iv. not to disclose the ID and pass code to any unsolicited email or SMS and on any website or mobile application other than the FSP's official website to access the e-banking services;

c. notify the FSP as soon as reasonably practicable after having discovered that the pass code or authentication device for accessing the e-banking services has been compromised, lost or stolen, or that an unauthorised transaction has occurred on the e-banking account;

d. notify the FSP immediately upon receiving transaction alert if the transaction was unauthorised; and

e. notify the FSP when there is a change in the financial consumer's contact number that receives transaction alerts.

S 6.2.4 A FSP shall inform financial consumers, through a clear and prominent notice that they will be liable for losses arising from an unauthorised transaction if the financial consumers have acted fraudulently or failed to perform their responsibilities as specified under paragraph 6.2.3.

S 6.2.5 A FSP shall raise awareness on the safety measures that financial consumers must undertake to prevent unauthorised use of their e-banking services which shall include the following-

a. create a strong pass code that cannot be easily predicted such as one that uses a mixture of alphabets, numbers and symbols as well as to regularly change the pass code;
b. access the e-banking services only via the FSP's legitimate website or mobile application and not to access the FSP's website through hyperlinks from emails or other websites;
c. ensure that the device being used to perform e-banking transaction has installed an updated anti-virus software and to update the device's browser and operating system to the latest version;
d. check all transaction alerts in a timely manner and report to the FSP as soon as practicable of any unauthorised transaction;
e. check their e-banking account transactions regularly and report any suspicious transaction to the FSP without delay;
f. regularly read security warnings posted on the FSP's website;
g. avoid using public computers for e-banking transactions, such as those at internet café or airport lounge; and
h. not to respond to any e-mail or SMS with request for personal information without first validating its authenticity.

6.3 During the term of the contract

S 6.3.1 A FSP shall take proactive measures and adopt the most effective communication method to regularly remind financial consumers of their responsibilities described under paragraph 6.2.3 and the safety measures that must be undertaken by the financial consumers stated under paragraph 6.2.5 to prevent any unauthorised use of their e-banking services.

S 6.3.2 A FSP shall take reasonable steps to provide timely information to financial consumers on the current modus operandi of fraudsters and precautionary measures that should be undertaken by financial consumers to avoid becoming a victim of e-banking fraud.

G 6.3.3 Information on the latest modus operandi of fraudsters may be provided to financial consumers through a pop-up warning or prominent notice on the front page of the FSP's website to bring to the attention of financial consumers prior to logging into their e-banking accounts.

7. Safe Deposit Box/Safe Deposit Box-i

S 7.1 A FSP shall clearly disclose to financial consumers, the annual rental and other charges applicable to safe deposit boxes.

S 7.2 A FSP shall inform financial consumers of the maximum insurance/takaful coverage provided by the FSP and the circumstances under which the coverage applies to the contents of the safe deposit box. The FSP shall highlight the need for financial consumers to obtain additional insurance/takaful coverage if the coverage provided by the FSP is insufficient to protect the financial consumers' interests.

S 7.3 A FSP shall clearly disclose to financial consumers the limit of the FSP's liability, if applicable.

S 7.4 A FSP shall inform financial consumers of the types of items that can be stored in a safe deposit box and those which are prohibited.

S 7.5 A FSP shall notify financial consumers of any change in the rental rates and other charges at least twenty-one (21) calendar days prior to the effective date of implementation of such change.

S 7.6 A FSP shall notify financial consumers at least thirty (30) calendar days prior to the effective date of relocating the safe deposit boxes or terminating the service.

S 7.7 A FSP shall inform financial consumers of the importance of notifying the FSP of any change in their contact details.

Appendix I Requirement for Product Disclosure Sheet

Type of Financial Product	Requirement for Product Disclosure Sheet (as specified under paragraph 16.1)	
	Yes	**No**
Loan/Financing		
Housing Loan/Financing	✓	
Personal Loan/Financing	✓	
Other Loan/Financing	✓	
Deposit Products		
Savings Account		✓
Current Account		✓
Fixed Deposit Account	✓	
Investment Products		
Negotiable Instruments of Deposit (NID) and Islamic Negotiable Instruments (INI)	NID/INI products with investment tenure of 5 years or less- ✓	NID/INI products with tenure **exceeding five (5) years**- To comply with the Guidelines on Sales Practices of Unlisted Capital Market Products issued by the Securities Commission, and to incorporate information required under paragraph 4 of this Schedule.
Investments Linked to Derivatives (ILD) and Islamic Investments Linked to Derivatives (IILD)	For ILD/IILD whose market price, value, delivery or payment obligations are solely derived from, referenced to or based on exchange rates ✓	For **other types** of ILD/IILD product- To comply with Guidelines on Sales Practices of Unlisted Capital Market Products issued by the Securities Commission, and to incorporate information required under paragraph 5 of this Schedule.
Electronic Banking	✓	
Safe Deposit Box		✓
Other Products	✓	

Appendix II Sample of Product Disclosure Sheet (home loan/financing)

PRODUCT DISCLOSURE SHEET

FSP Logo and Name

Date: _____

Dear [Customer's Name],
This Product Disclosure Sheet (PDS) is designed to provide you with key information on your **[home loan/financing product name]**.

Other customers have read this PDS and found it helpful, **you should read too**.

1 Know Your Obligations

For this [product name]

- Your financing amount - **RM x**
- Your monthly instalment - **RM y**
- Your financing tenure - **x years**
- Standardize base rate (SBR) - **y%**
- Effective financing rate - **z% p.a.**

In total you will pay RM xx

You have to pay the following charges:

- Stamp duty - **x%** of financing amount
- Disbursement fee - **RM**
- Processing fee - **RM**
- Wakalah fee - **RM**

Applicable Shariah contract

- FSP to briefly describe the applicable Shariah contract for Islamic financing products

Remember, it is your responsibility to:

Read **the loan/financing contract and understand the terms** before you sign the contract.

Pay your monthly instalment timely and in full for xx years. Contact us if you plan to settle your loan/financing earlier .

Contact us immediately , should you find yourself unable to pay your monthly instalments .

Make sure you can **afford to pay a higher monthly instalment** in case the financing rate increases.

If you have any question about your loan/financing, you can:

Call us at	Visit us at:	Email us at:	Scan the QR code
xx-xxx-xxxx	https://[products webpage].com	xx@email.com	QR

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2 Know Your Risks

What happens if you ignore your obligations?

1. You may **pay more in total** due to late payment charges.
2. We may **deduct money** from your savings account with us to set-off your outstanding loan/financing.
3. We may **foreclose your property** or **take legal action** against you.
4. Your **credit rating** may be affected.

Your monthly instalment may increase during the financing tenure

The SBR for this loan/financing product may increase due to a rise in the Overnight Policy Rate (OPR) set by Bank Negara Malaysia.

An increase in the SBR means that your monthly instalment will be higher, as illustrated in table below:

	Current Rate	SBR increases by 1%	SBR increases by 2%
Monthly instalment	RM x	RM xx	RM xxx
Total interest/profit cost	RM y	RM yy	RM yyy
Total repayment/payment	RM z	RM zz	RM zzz

Customer's Acknowledgment* (Optional)

Please ensure you are filling this section yourself and aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

**Your acknowledgement of this PDS will not prejudice your right to seek redress in the event of dispute over the terms disclosed in this PDS.*

Name:
Date:

Appendix III - Sample of Product Disclosure Sheet (NID/INI)

PRODUCT DISCLOSURE SHEET

FSP Logo and Name

Date: _____

Dear [Customer's Name],
This Product Disclosure Sheet (PDS) is designed to provide you with key information on your **[NID/INI name]**.

Other customers have read this PDS and found it helpful, **you should read too**.

1 Know the [NID/INI Name]

The principal amount of this Negotiable Instrument of Deposit (NID)/Islamic Negotiable Instrument (INI) is guaranteed if the NID/INI is held to maturity. This product is **NOT** insured by Perbadanan Insurans Deposit Malaysia (PIDM).

For this NID,

- Maturity date: *day/month/year*
- Minimum nominal value:
- Issuance: *at par, premium or discount*
- Interest rate/profit margin: y% p.a.
- Interest/profit payment frequency:

Applicable Shariah contract

- FSP to briefly describe the applicable Shariah contract

You should **read and understand** the terms and conditions of this [**NID/INI name**].



*If you withdraw your money before the maturity date, you may **lose part of** your initial deposit amount.*



*We may **terminate or redeem the NID/INI prior to the maturity date**. The nominal amount of the terminated or redeemed portion will be returned to you together with any accrued interest/profit.*

2 Know Your Costs

Type of Service	Payable		Maximum rate of charge
	By	To	
(Examples) Delivery of certificate to authorised depository which is another institution at primary issue	You	Issuer	RM xx per certificate
Splitting/combining denominations	You	Issuer	RM xx per certificate
Maintenance of depository account	You	Authorised Depository	RM xx per year

3 Know Your Risks and Benefits

RISKS	BENEFITS
FSPs to provide a summary of the key risk factors.	***How do I redeem the interest/profit proceeds?*** *(FSPs to provide the procedures for redemption of interest/profit proceeds)* ***How do I redeem the NID/INI after it matures?*** *(FSPs to provide the procedures for redemption upon maturity)*

- The principal of this NID/INI is guaranteed only if held to maturity.
- If you redeem or sell this NID/INI before its maturity date, you may lose part of your initial deposit amount.
- This NID/INI is **not insured** by Perbadanan Insurans Deposit Malaysia.

If you have any questions about this product, you can:

Call us at	Visit us at:	Email us at:	Scan the QR code
xx-xxx-xxxx	https://[product webpage].com	xx@email.com	QR

Customer's Acknowledgment* **(Optional)**

Please ensure you are filling this section yourself and aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

**Your acknowledgement of this PDS will not prejudice your right to seek redress in the event of dispute over the terms disclosed in this PDS.*

Name:
Date:

Appendix IV - Sample of Product Disclosure Sheet (ILD/IILD)

PRODUCT DISCLOSURE SHEET

FSP Logo and Name

Date: _____

Dear [Customer's Name],
This Product Disclosure Sheet (PDS) is designed to provide you with key information on your **[ILD/IILD product name]**.

Other customers have read this PDS and found it helpful, **you should read too**.

1 Know Your [Product Name]

This is a foreign exchange rate structured product with an embedded derivative linked to the performance of [xxx] rates. **The returns on your investment depend on the performance of [xxx] rates.**

For this ILD/IILD,

- Minimum investment amount: **RM x**
- Investment tenure: **z years**
- Principal protection: *(To indicate the level of protection)*
- Interest/Profit payable: **y%** p.a.
- Interest/Profit payment frequency:

Applicable Shariah contract

- FSP to briefly describe the applicable Shariah contract

You should **read and understand** the terms and conditions of this **[ILD/IILD product name]**



*Your **principal** amount **is repayable in full** if you redeem your investment only at **maturity**.*



*You may receive a sum **lesser** than your principal if you **withdraw all or part of your investment before it matures**.*



***Penalty for early withdrawal:** RM xx*

Further information:

- Underlying asset(s):
- Other key terms: we may repay the investment at an earlier date.

Reminder: Past performance is **not** indicative of future performance of this product.

2 Know Your Costs

Management fees Wakalah fee/Commission	RM *xx or y% of…* RM *xx or y% of…*
Penalties for early withdrawal	RM *xx or y% of…*

3 Know Your Risks and Benefits

RISKS	BENEFITS
FSPs to provide a summary of the key risk factors. **Reminder**: You should understand and consider all risk factors carefully before making an investment decision.	***How do I redeem this investment product after it matures?*** *(FSPs to provide the procedures for redemption upon maturity)* **Reminder:** Payment of interest/profit is dependent upon the performance of the underlying assets as stated in the contract.

- The returns on this investment will be affected by the performance of the underlying asset/reference.
- You may not receive your full principal amount if you make an early redemption.
- This investment product is **not insured** by Perbadanan Insurans Deposit Malaysia.

If you have any questions about this product, you can:

Call us at	Visit us at:	Email us at:	Scan the QR code
xx-xxx-xxxx	https://[product webpage].com	xx@email.com	QR

Customer's Acknowledgment* **(Optional)**

Please ensure you are filling this section yourself and aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

**Your acknowledgement of this PDS will not prejudice your right to seek redress in the event of dispute over the terms disclosed in this PDS.*

Name:
Date:

SCHEDULE II: INSURANCE/TAKAFUL PRODUCTS

S A FSP shall comply with the disclosure documents under the policy document (PD) on Medical and Health Insurance and Takaful, PD on Investment-linked Business, PD on Universal Life Business, PD on Management of Participating Life Business and Exposure Draft on Broader Implementation of Ta'awun in relation to the respective insurance and takaful products.

1. Insurance/Takaful Products Distributed via Digital Channels

S 1.1 A FSP that distributes its insurance/takaful products through a digital channel[19] shall comply with the digital disclosure requirements as specified in Paragraph 11 under Part B.

S 1.2 A FSP shall ensure that all advertisements and promotional materials used for the purpose of disclosure in digital channels are clear, not misleading and approved by the FSP. The name of the digital channel and the FSP it represents must be clearly stated.

S 1.3 A FSP shall ensure that its digital channel clearly and prominently discloses the following information to financial consumers-

a. the type of relationship between the FSP and the digital channel;
b. the level of services[20] to be expected from the digital channel;
c. a statement explaining the availability of options (if any) to purchase other similar financial products that provide a rebate on commission or is commission free if purchased from the FSP's direct distribution channels such as from the FSP's branches or website;
d. a detailed breakdown of premium or contribution amount, commission or remuneration to be received by the digital channel for distributing the insurance/takaful products;
e. a detailed breakdown of fees and charges[21] arising from the use of the digital channel that is to be borne by the financial consumers; and
f. the free-look period and premium/takaful contribution refund policy, where applicable.

S 1.4 A FSP shall ensure that the digital channel obtains explicit consent from financial consumers to confirm their agreement to pay the digital channel's remuneration and applicable fees and charges. The FSP must ensure that pre-ticked acceptance box stating financial consumers' consent is prohibited on the digital channel.

[19] This includes product aggregators and E-commerce platforms.
[20] This includes where a financial consumer can obtain more product information or advice and whether consumers can lodge a complaint or make a claim via the digital channel.
[21] This includes platform fees or transactional charges per policy/takaful certificate, which forms part of the premium/takaful contribution (if any).

S 1.5 A FSP shall ensure that the digital channel is prohibited from marking up[22] premium/takaful contribution set by the FSP or imposing any additional fees and charges to financial consumers on the digital channel.

S 1.6 A FSP shall establish appropriate policies, procedures and mechanisms to ensure effective monitoring and handling of consumer complaints received by the type of intermediaries, including its digital channel.

2. Ordinary Life Insurance/Family Takaful Products

2.1 Pre-contractual stage

S 2.1.1 Disclosure by FSP

a. A FSP must inform financial consumers that it is licensed under the FSA or IFSA and regulated by Bank Negara Malaysia; and
b. Where insurance/takaful is to be arranged through an intermediary, the name and address of the intermediary and the FSP underwriting the policy/ takaful must be disclosed to financial consumers.

S 2.1.2 A FSP shall inform financial consumers of the importance of providing sufficient and accurate information to enable the FSP to advise the financial consumers on the suitability of the life insurance/family takaful product, taking into consideration the appropriateness of such product to the financial consumers' needs and circumstances.

S 2.1.3 Product features

a. A FSP shall provide financial consumers with a description of the life insurance/family takaful product, including:

i. The types of life insurance/family takaful and scope of cover

For example:

(a) ***Temporary term insurance/term takaful*** *offers insurance protection/takaful coverage for a limited period only, e.g. 10 years. The benefits will be paid only if the insured/takaful participant passes away or if the insured/takaful participant suffers total and permanent disability during the term of the policy/ takaful certificate.*

(b) ***Whole life insurance*** *offers life-long protection and premiums are paid throughout the consumers' life. The benefits will be paid when the insured passes away or if the insured suffers total and permanent disability during the term of the policy.*

(c) ***Endowment insurance/takaful*** *combines protection and savings. The benefits will be paid* either at the maturity of the policy/ *takaful* certificate, death of the insured/participant or the occurrence of permanent

[22] For example, if premium/takaful contribution as priced by a licensed ITO (and documented in the Product Documentation submitted to the Bank, as per the requirements under the Policy Document on Introduction of New Products by Insurers and Takaful Operators) is RM100, the digital channel is prohibited from offering the product to consumers at RM110, i.e. RM10 mark-up by the digital channel.

disability during the term of the policy/ *takaful* certificate, whichever is earlier.

ii. Whether the insurance/takaful is meant for protection, savings, investment or a combination;

iii. **For life insurance products**, whether the policy is participating in profits immediately or whether it is participating in profits with a deferment period to be specified or whether it does not participate in profits.

iv. For insurance/takaful products with guaranteed features, such as guaranteed survival benefits during the policy/takaful certificate term and/or guaranteed maturity benefits, a FSP shall prominently disclose the annualised returns[23] with the disclosure of any guaranteed feature under the policy/takaful certificates in all marketing materials[24] (including sales illustration and brochures) that contain any illustration of returns. In this respect, where guaranteed cash pay-outs are offered as part of an insurance/takaful product, a FSP shall not express or illustrate in absolute value or as a percentage, the total or cumulative amount of the guaranteed cash pay-out payable to policyholder/takaful participant.

v. The details of the riders attached to the main policy/takaful certificate, if any.

S 2.1.4 Additional requirements for family takaful products

a. Applicable Shariah concepts:
   i. between takaful participants of the takaful fund for mutual financial assistance; and
   ii. between the takaful operator and takaful participants in managing the takaful funds.

b. The types of funds available under the family takaful certificate, e.g. the Participants' Investment Fund (PIF) and Participants' Risk Fund (PRF):
   i. the PIF refers to the fund which is a portion of the takaful contributions paid by takaful participants for a takaful product is allocated for the purpose of savings and/or investment;
   ii. the PRF refers to the fund used to pool the portion of takaful contribution paid by the takaful participants on the basis of tabarru' (donation) for the purpose of meeting claims on events/risks covered under the takaful contracts.

c. In the case of PIF, a FSP must disclose the following information to the participant:

[23] Refers to the estimated average annual return on the survival/savings benefits that a policyholder/takaful participant will receive over the period of the policy/ takaful certificate until its maturity with respect to the premium/ takaful contribution that the policyholder/takaful participant had paid.

[24] For the avoidance of doubt, the disclosure of annualised returns must be clearly visible and legible in the relevant marketing materials and shall not be disclosed at the bottom of the page and in an obscure manner e.g. in footnotes or in small fonts.

i. the investment strategy, types of assets invested to meet the illustrated takaful benefits, future tabarru' payments and other liabilities of the takaful fund; and
ii. the potential shortfall of the PIF to meet tabarru', its consequences as well as remedial options available to the participant, e.g. top-up by the participant.

d. For products with savings or investment elements, where participants bear the investment risks, information disclosed must be sufficient to enable understanding of market movements and implications on the takaful funds, including potential shortfall of the Participants' Investment Fund and possibility of certificate lapsation.

S 2.1.5 Policy/takaful benefits payable and exclusions

a. A FSP shall disclose the following information to financial consumers:
i. the policy/takaful benefits payable and circumstances or contingencies upon which policy/takaful benefits are payable by the FSP to the consumers;
ii. limitation on policy/takaful benefits and the duration for which it is applicable, if any;
iii. restrictions of policy/takaful benefits (including lien imposed on the policy/takaful certificate) and exclusions of the insurance policy/takaful certificate to ensure the consumers understand what is not covered under the policy/takaful certificate; and
iv. the surrender value payable under the life policy/family takaful certificate and whether it is guaranteed or not guaranteed.

S 2.1.6 Premium/takaful contribution payments

a. A FSP must provide to financial consumers the details of the premium/takaful contribution payments, including:
i. the amount of premiums/contribution, frequency with which and period over which payment is to be made in respect of the life insurance policy/family takaful certificate. The FSP shall qualify that the premium/takaful contribution rate is applicable to standard risks and that the policy/takaful certificate terms and rates may vary depending on the underwriting requirements of the FSP;
ii. for life insurance products, whether the premium rate is guaranteed or non-guaranteed;
iii. for family takaful products, the allocation of the takaful contribution to the respective funds available under the takaful certificate, e.g. PIF and PRF and whether such product participates in the investment profit and/or surplus of the respective funds available under the takaful certificate and the details of participation. The FSP must advise financial consumers to refer to the product illustration for further information; and
iv. the grace period, which gives the financial consumers additional period after the due date, for the payment of premium/ takaful contribution.

S 2.1.7 Disclosure of commissions/wakalah fees and charges:

a. A FSP shall disclose and explain the nature, amount and frequency of the payment of all applicable fees and charges borne by financial consumers (e.g. policy/takaful certificate fees and surrender charges), including:
   i. commission/wakalah fees borne by financial consumers expressed both in terms of aggregate amount and as a percentage of takaful contributions payable and the purpose of charging the commission/wakalah fees.

2.2 At the point of entering into a contract

S 2.2.1 Contractual rights and obligations

a. A FSP must inform financial consumers of the following:
   i. any significant condition or obligation which the financial consumers must meet;
   ii. duty of financial consumers in relation to disclosure and representations to the FSP for insurance/takaful contracts and the consequences of failure to disclose the relevant information, provision of inaccurate or false information, misrepresentation, etc.;
   iii. the importance of financial consumers ensuring that the proposal form is completed accurately as it forms the basis of the insurance/takaful contract;
   iv. the requirement for financial consumers to provide proof of age to FSP;
   v. the date of commencement of risk, the duration of the life insurance/family takaful contract and the date of maturity or date on which the insurance/takaful benefits are payable, if applicable;
   vi. the consequences of failure to pay premium/takaful contribution within the due date and grace period and reinstatement provisions;
   vii. the importance of receiving and keeping the receipt from the FSP as proof of payment of premiums/contributions by the financial consumers; and
   viii. time frame required by the FSP to issue a policy/takaful certificate.

S 2.2.2 Additional requirements for family takaful products

a. A FSP must highlight to financial consumers the contents of the proposal form, such as:
   i. the aqad (contract) that binds the takaful participants;
   ii. the aqad that binds the takaful participants and the licensed takaful operator;
   iii. the method of distribution of investment profits and surplus, in particular, the sharing ratio; and
   iv. the allocation of investment profit, surplus or fees to the licensed takaful operator.

S 2.2.3 Free-look period

a. A FSP shall inform financial consumers clearly about the free-look period/cooling-off period of 15 calendar days from the delivery date of the policy/takaful certificate to review the suitability of the newly purchased policy/takaful certificate.
b. The FSP must highlight that the consumers have the right to return the policy/takaful certificate within 15 calendar days of the delivery of the

policy/takaful certificate, after reviewing the terms and conditions of the policy/takaful certificate.

c. Should the consumers return the policy/ takaful certificate within the free-look period, the FSP shall immediately refund any premium/contribution which has been paid in respect of the life insurance/family takaful subject to the deduction of expenses incurred by the FSP for the consumers' medical examinations.

S 2.2.4 Replacement of policies/takaful certificates: A FSP must warn financial consumers on the possible implications and disadvantages of switching from one type of life insurance/family takaful policy/takaful certificate to another or from one FSP to another FSP.

S 2.2.5 A FSP must explain to financial consumers the claim procedures and the consumers' responsibilities in relation to making a claim against the policy/ takaful certificate.

S 2.2.6 Other important notices

a. A FSP shall provide notices on nomination and assignment, including the importance of making a nomination and its implications. Financial consumers must be advised to nominate a nominee and ensure that the nominee is aware of the life insurance policy/family takaful certificate that the consumers have purchased/participated.

b. Where a FSP provides provisional insurance protection/takaful coverage from the date of receipt of a payment towards the premium/ takaful contribution, the FSP must disclose to financial consumers the terms and conditions, and limitations attaching to such insurance protection/takaful coverage during the period up to the date of issue of the life policy/family takaful certificate.

c. Where a FSP does not provide insurance/takaful coverage until the proposal has been examined and accepted by the FSP, the FSP must disclose to financial consumers that insurance protection/takaful coverage will only be provided effective from the date of issue of the life policy/family takaful certificate.

S 2.2.7 Additional requirements for family takaful products

a. A FSP shall provide notices on the nature of the benefits from the various takaful funds. i.e. whether it is guaranteed or not guaranteed. A benefit is considered as guaranteed if in the event that the takaful fund is unable to meet the participant's claim, there is an arrangement made by the FSP to address deficiency in the fund such as through qard or outright transfer; and

b. In the event of deficiency in the PRF, the FSP must rectify the deficit through qard or outright transfer.

S 2.2.8 A FSP shall inform financial consumers on the importance of notifying the FSP of any change in contact details, including the address of the financial consumers, the nominee and/or trustee.

2.3 During the term of the contract

S 2.3.1 For life insurance contracts:

a. Non-forfeiture options

i. prior to the activation of an automatic premium loan (APL), a FSP must send a reminder to financial consumers before the premium payment due date another reminder within the grace period of the premium payment.

b. In the event of first non-payment of premium by financial consumers, a FSP must inform the financial consumers within thirty (30) calendar days after the premium payment due date:

i. the APL that has been applied in accordance to the life policy to keep the policy in-force and the interest rate that will be charged outstanding APL. A FSP must also inform financial consumers must be informed that the outstanding APL will be deducted from the cash value of the policy; and

ii. the various non-forfeiture options that are available to the financial consumers and the advantages and disadvantages of each option:

(a) *cash/surrender value* with the caution that financial consumers will only receive an amount which is much less than the premiums paid if the policy is surrendered;

(b) *reduced paid-up* and its effect on the sum assured; and

(c) *other non-forfeiture options* offered by the FSP such as extended term insurance.

c. After the APL has been applied for a maximum period of 12 months:

i. the FSP is required to write to financial consumers to offer all available non-forfeiture options.

ii. the FSP may exercise its discretion to inform the consumers of all available non-forfeiture options prior to the expiry of the 12-month period during which APL is applied;

iii. the FSP shall give the consumers ninety (90) calendar days to decide whether to continue the policy on APL or choose another non-forfeiture option such as reduced paid-up or extended term insurance;

iv. in the case of trust policies, the FSP must alert the financial consumers to obtain the trustee's consent for conversion to reduced paid-up or extended term insurance; and

v. once the financial consumers confirm in writing of the chosen non-forfeiture option, the new non-forfeiture option shall be effected on the date of election. The FSP shall continue to apply the default option pending the reply from financial consumers.

S 2.3.2 For family takaful certificates:

a. Non-payment of contribution

i. A FSP must inform financial consumers of the various non-forfeiture options that are available and the advantage and disadvantages of each option should the financial consumers fail to pay takaful contributions within the grace period:

(a) cash/surrender value, and the surrender charges, if applicable, with the caution that the financial consumer will only receive an amount

which is much less than the takaful contributions paid if the takaful certificate is surrendered; and

(b) an advance will be made from the PIF to pay the outstanding takaful contributions and the possibility of the takaful certificate lapsing upon exhaustion of the amount in the PIF.

ii. A FSP must include sufficient warning of potential shortfall of the PIF to meet tabarru', the consequences of the PIF shortfall and remedial actions to rectify the shortfall, e.g. top-up by the participant, in the annual statements to takaful participants.

S 2.3.3 Cessation of business with insurance/takaful agents

a. In the event a FSP's agent ceases to operate or ceases to continue to arrange its life policies/family takaful certificates, the FSP must inform the affected consumers (either by written notice or via electronic means) of the following:
   i. that the insurance/takaful agent has ceased to operate or has ceased to continue to arrange its life policies/family takaful certificates;
   ii. the new point of contact for policy/ takaful certificate servicing; and
   iii. how future premiums/ takaful contributions can be transmitted to the FSP, if applicable.

3. Investment-Linked (IL) Insurance/Takaful Products

3.1 Pre-contractual stage

S 3.1.1 Disclosure by FSP

a. A FSP must inform financial consumers that it is licensed under the FSA/IFSA and regulated by Bank Negara Malaysia.
b. Where insurance/takaful is to be arranged through an intermediary, a FSP must ensure that the name and address of the intermediary and that the FSP underwrites the policy/takaful certificate is disclosed to financial consumers.

S 3.1.2 Advising and selling/marketing: A FSP must inform financial consumers of the importance of providing sufficient and accurate information to enable the FSP to advise the consumer on the suitability of the IL product, taking into consideration the appropriateness of such product to the financial consumer's needs and circumstances.

S 3.1.3 Nature and objective of the IL product

a. A FSP shall provide financial consumers with a description of the IL product, such as:
   i. the type of IL product;
   ii. the nature of investment including the underlying assets, objectives of the fund and investment strategy of the IL product, to enable the consumers to make a proper assessment of the fund and its potential risks;
   iii. product information contained in the relevant sales/marketing materials;
   iv. the availability of the top-up facility and its use as a method to maximise the financial consumer's investment value; and
   v. the basic insurance/takaful coverage, in the event of death and total permanent disability, and the multiple of the premium/takaful contribution paid.

Additional requirements for IL takaful products:

vi. applicable Shariah concepts, between takaful participants of the takaful fund for mutual financial assistance and between the licensed takaful operator and takaful participants in managing the takaful funds; and
vii. sufficient information to enable financial consumers' understanding of market movements and implications on the takaful funds, including potential shortfall of the PIF and possibility of takaful certificate lapsing.

S 3.1.4 Insurance/takaful benefits payable and exclusions

a. A FSP shall disclose the following information to financial consumers:
   i. the insurance/takaful benefits payable and circumstances or contingencies upon which insurance/takaful benefits are payable by the FSP to the financial consumer;
   ii. insurance/takaful benefits will fluctuate based on the underlying performance of the IL fund;
   iii. limitation on insurance/takaful benefits and the duration for which it is applicable, if any;
   iv. restrictions of insurance/takaful benefits (including lien imposed on the policy/takaful certificate) and exclusions under the insurance policy/takaful certificate to ensure that the consumer understands what is not covered under the policy/takaful certificate; and
   v. the surrender value payable under the IL policy/certificate and whether it is guaranteed or not guaranteed.

S 3.1.5 Premium/ takaful contribution payments

a. A FSP must provide financial consumers the details of the premium/ takaful contribution payments, including:
   i. whether it is a single lump-sum premium/ takaful contribution payment product or a regular premium/ takaful contribution product;
   ii. the amount of premiums/ takaful contributions, frequency with which and period over which payment is to be made in respect of regular premium/ takaful contribution product. The FSP shall qualify that the premium/ takaful contribution rate is applicable to standards risks and that the policy/takaful certificate terms and rates may vary, depending on the underwriting requirements of the FSPs; and
   iii. the grace period, which gives consumers additional period of time after the due date, for the payment of premium/contribution.

S 3.1.6 Disclosure of commissions/wakalah fees and charges

a. A FSP shall disclose and explain the nature, amount and frequency of the payment of all applicable fees and charges borne by financial consumers, including:
   i. details of commissions/wakalah fees borne by consumers expressed both in terms of aggregate amount and as a percentage of premiums/ takaful contributions payable for each policy/ takaful certificate year; and
   ii. other fees and charges borne by consumers which are not included in the premiums/ takaful contributions and the purpose for each fee or charge.

3.2 At the point of entering into a contract

S 3.2.1 Risks and returns

a. A FSP shall advise financial consumers of the significant risks and benefits of investing in the IL product in order to make informed decisions. A FSP shall advise the financial consumers to refer to the sales/marketing literature for further information.

b. In disclosing the benefits, a FSP shall highlight to the financial consumers the potential upside and downside of the product.
Given that returns on IL products are often contingent on the performance of underlying assets, a FSP shall highlight to the financial consumers that past performance is not indicative of future performance.

S 3.2.2 Suitability of IL product

a. A FSP shall ask financial consumers to at least consider the following:
   i. whether the allocation of insurance premiums/takaful contributions towards protection and investment meets the consumers' financial circumstances;
   ii. whether the IL funds chosen match the consumers' investment objectives and risk appetite;
   iii. whether the consumers understand the financial risks and potential losses that may arise from investing in the IL product; and
   iv. whether the financial consumers are satisfied that the IL product would best serve the consumers' needs and that the premium/takaful contribution payable under the policy/takaful certificate is affordable.

S 3.2.3 Contractual rights and obligations

a. A FSP shall inform financial consumers of the following:
   i. any significant condition or obligation which the consumers must meet;
   ii. duty of financial consumers in relation to disclosure and representations to the FSP for insurance/takaful contracts and the consequences of failure to disclose the relevant information, provision of inaccurate or false information, misrepresentation etc.;
   iii. the importance for financial consumers to ensure that the proposal form is completed accurately as it forms the basis of the insurance/takaful contract;
   iv. the requirement for financial consumers to provide proof of age to the FSP;
   v. the date of commencement of risk;
   vi. the consequences of failure to pay premiums/takaful contributions within the due date and grace period and reinstatement provisions;
   vii. the importance of receiving and keeping the receipt from the FSP as proof of payment of premiums/takaful contributions by consumers; and
   viii. time frame required by the FSP to issue a policy/takaful certificate.

S 3.2.4 Free-look period

a. A FSP shall inform financial consumers clearly about the free-look period or cooling-off period of fifteen (15) calendar days from the date of delivery of the policy/takaful certificate to review the suitability of the newly purchased policy/takaful certificate. A FSP must highlight to financial consumers that they have the right to return the policy/takaful certificate within fifteen (15) calendar days of the delivery of the policy/takaful certificate to the financial

consumer, after reviewing the terms and conditions of the policy/ takaful certificate, and the FSP shall refund:

i. the unallocated premiums/takaful contributions;
ii. value of units that have been allocated (if any) at unit price at the next valuation date; and
iii. any insurance/takaful charge and policy/ takaful certificate fee that have been deducted, less medical expenses which may have been incurred.

S 3.2.5 Replacement of policies/certificates: A FSP must warn financial consumers on the possible implications and disadvantages of switching from one type of IL policy/ takaful certificate to another or from one FSP to another FSP.

S 3.2.6 A FSP must explain to financial consumers the claim procedures and the consumers' responsibilities in relation to making a claim against the policy/ takaful certificate.

S 3.2.7 Other important notices

a. A FSP shall disclose to financial consumers other important information notices including:
   i. the availability of a surrender/cash value with the caution that the consumers will only receive an amount which is less than the premiums/ takaful contributions paid if the policy/takaful certificate is surrendered, and the surrender charges, if applicable;
   ii. in the case of premium/takaful contribution holidays, a FSP shall advise financial consumers on the consequences of taking a premium/takaful contribution holiday, including the possibility of the policy/takaful certificate lapsing when the required charges, including rider charges exceed the value of IL fund units available;
   iii. the provisions for nomination and assignment, including the importance of making a nomination and its implications. A FSP shall advise consumers to nominate a nominee and ensure that the nominee is aware of the policy/takaful certificate that the consumers have purchased;
   iv. where the fund is a guaranteed or capital-guaranteed (by a third-party) and the guarantee is only valid at a certain point in time, it must be disclosed that the guarantee is not valid on premature withdrawal;
   v. the availability of options to vary the level of death benefits and premiums/ takaful contributions, and switch IL fund; and
   vi. the availability of top-up facility on the consumers' existing IL policy/ takaful certificate at any time to enhance the investment portion of both single and regular premium/takaful contribution policy/takaful certificate, with or without any change in the insurance/takaful coverage.

S 3.2.8 A FSP shall inform financial consumers of the importance of notifying the FSP of any change in contact details, including the address of consumers, nominee and/or trustee.

S 3.2.9 Additional requirements for IL takaful products:

Contents of proposal form: A FSP shall highlight to financial consumers the contents of the proposal form, such as:

i. the aqad that binds the takaful participants of takaful;

ii. the aqad that binds the takaful participants and the licensed takaful operator; and
iii. the method of distribution of investment profits and surplus in particular, the sharing ratio.

3.3 During the term of the contract

S 3.3.1 Cessation of business with insurance/takaful agents

a. In the event where the insurance/takaful agent ceases to operate or ceases to continue to arrange its IL product, a FSP shall inform the affected financial consumers (either by written notice or via electronic means) of the following:
   i. that the insurance/takaful agent has ceased to operate or has ceased to continue to arrange its IL product;
   ii. the new point of contact for policy/takaful certificate servicing; and
   iii. how future premiums/takaful contributions can be transmitted to the FSP, if applicable.

S 3.3.2 Additional requirements for IL takaful products**:**

A FSP shall include sufficient warning of potential shortfall of the PIF to meet tabarru', the consequences of the PIF shortfall and remedial actions to rectify the shortfall, e.g. top-up by the takaful participant in the annual statements to the financial consumer.

4. General Insurance/Takaful Products (other than Medical and Health Insurance/Takaful)

4.1 Pre-contractual stage

S 4.1.1 Disclosure by FSP

a. A FSP must inform financial consumers that it is licensed under the FSA or IFSA and regulated by Bank Negara Malaysia.
b. Where insurance/takaful is to be arranged through an intermediary, the FSP must ensure that the intermediary discloses to the financial consumers the name and address of the intermediary and the FSP underwriting the policy**/** takaful certificate.

S 4.1.2 Principles of insurance/takaful

a. To enhance understanding of the nature of insurance/takaful products, a FSP shall explain to financial consumers the main principles of insurance/takaful which are applicable to the insurance/takaful product that the financial consumers intend to purchase/participate in:
   i. Insurable/permissible takaful interest - an insured/takaful participant must have insurable/permissible takaful interest, i.e. right, title or interest in a property/item/life such that a loss or damage to the property/item/life would result in a financial loss to the insured/takaful participant;

ii. duty of financial consumers in relation to disclosure and representation[25] to the FSP for insurance/takaful contracts, the consequences of failure to disclose the relevant information, provision of inaccurate or false information, misrepresentation etc. as well as duty of utmost good faith in dealing with licensed ITOs;
iii. contract of indemnity[26] - financial compensation to restore, as best as possible, the insured/takaful participant to the same position the insured/ takaful participant had enjoyed immediately before the loss; and
iv. contribution - the FSP is liable only for the FSP's 'rateable proportion' of the loss in the event an insured/takaful participant has more than one policy/takaful certificate to cover a particular property.

S 4.1.3 Product features

a. A FSP must explain the main features of the insurance/takaful product to financial consumers, including:
   i. Types of cover offered and the scope of each cover;

   For example:
   (a) ***Motor insurance/takaful:*** *the available covers are third party; comprehensive; and third party, fire and theft. Third party policy/takaful certificate covers financial consumers against claims for bodily injuries or deaths caused to other persons and loss or damage to third party property caused by the financial consumers' vehicles.*
   (b) ***Houseowner/householder insurance/takaful:*** *the available covers are basic fire policy/takaful certificate; houseowner policy/takaful certificate; and householder policy/takaful certificate. The basic fire policy/takaful certificate provides financial consumers with coverage for the building only and covers loss or damage by fire, lightning or explosion.*
   (c) ***Personal accident (PA) insurance:*** *the available covers are accidental death, permanent total or partial disablement, temporary total or partial disablement, medical expenses, hospitalisation benefits and funeral expenses. To refer financial consumers to the scale of benefits for death and disablement in the insurance policy/takaful certificate.*

   ii. Exclusions which can be covered with the payment of additional premiums/takaful contribution;

   For example:
   (a) ***Motor insurance/takaful:*** *the comprehensive motor policy/*takaful *certificate can be extended to cover flood, landslide and windscreen damage and/or extensions to cover the passengers.*
   (b) ***Houseowner/householder insurance/takaful:*** *the houseowner insurance/takaful policy/*takaful *certificate can be extended to cover subsidence, landslip, riot, strike and malicious damage.*
   (c) ***PA insurance/takaful:*** *the policy/takaful certificate can be extended to cover death or injury while operating or riding a motorcycle.*

[25] Including in relation to subject matter of insurance/takaful and the circumstances pertaining to it.
[26] Not applicable to most personal accident product ~~policies~~.

iii. The importance of ensuring that the property is insured/covered at the market value and the effect of over-insurance/over-covered and under-insurance/under-covered, particularly during the duration of the policy/takaful certificate (not applicable for PA insurance/takaful);

(a) ***Motor insurance/takaful:*** *Financial consumers must be advised on the present market value of the vehicle, based on reference to a credible vehicle valuation database. The present market value must be indicated in the renewal notice or PDS. Financial consumers must also be advised of the betterment charges which may be applicable in their motor insurance/takaful claim. Financial consumers must be advised to insure/cover the vehicle at the market value of the vehicle. Where it is provided in the motor policy/takaful certificate that a particular vehicle valuation database will serve as the reference point to determine the market value of a vehicle, the FSP must refer to the same vehicle of the valuation database in providing the market value of the vehicle during the purchase of the insurance/takaful certificate as well as in the event of a claim.*

(b) ***Houseowner/householder insurance/takaful:*** *Financial consumers must be advised to ensure the property is adequately insured/covered taking into account the renovations made to the property. The sum insured/covered should cover the cost of rebuilding the property in the event of loss/damage. The basis of compensation for householder policy/takaful certificate, i.e. whether it is on reinstatement or replacement value must be explained to financial consumers.*

iv. Restrictions and exclusions of the policy/takaful certificate to ensure that financial consumers understand what are not covered under the policy/takaful certificate.

For example:

(a) ***Motor insurance/takaful:*** *the standard comprehensive motor policy/takaful certificate does not cover certain losses such as death of, or bodily injury to, the driver and passengers due to a motor accident and damage to vehicle arising from an act of nature such as flood and landslide. In addition, a warning that it is an offence under the laws of the Republic of Singapore to enter the country without extending passenger liability cover must also be informed to financial consumers.*

(b) ***Houseowner/householder insurance/takaful:*** *householder policy/takaful certificate does not cover theft claims if there is no evidence of forced and violent entry/exit.*

(c) ***PA insurance/takaful:*** *PA insurance/takaful does not cover death, disability or injury due to war, terrorism, suicide, dangerous sports, and while taking part in military, naval, air force, police or fire service duties. In addition, the range of age limits that can be insured under the PA policy/takaful certificate must be informed to financial consumers.*

S 4.1.4 Costs

a. A FSP must provide financial consumers the full details of the costs charged, including:

i. Premium/takaful contribution breakdown for each cover being purchased by the financial consumers. The FSP must qualify its explanation that the total premium/contribution payable may vary depending on the underwriting requirements of the FSP, where applicable;

For example:
(a) ***Motor insurance/takaful:*** *premium/takaful contribution payable will depend on no-claim-discount entitlement of financial consumers and the underwriting requirements of the FSP such as risks of the driver and claims experience.*

ii. Other fees and charges which are not included in the premiums/takaful contributions, and the purpose of each fee or charge (including any possible future fees or charges, such as for changing or cancelling the policy/takaful certificate, handling claims or any other services);

iii. Details of commission/wakalah fee borne by financial consumers, expressed both in terms of aggregate amount and as a percentage of the insurance premium/takaful contribution payable and the purpose of charging the wakalah fee;

iv. The timing of the premium/takaful contribution payment and the methods of payment available.

For example:
(a) ***Motor insurance/takaful:*** *cash-before-cover requirements. Financial consumers are advised to pay the premium/contribution directly to the FSP, either by cash, credit card or cheque. Cheque shall be made payable only in the FSP's name.*
(b) ***Houseowner/householder insurance/takaful:*** *premium warranty requirements.*

S 4.1.5 Additional requirements for general takaful products:

a. Applicable Shariah concepts
   i. Between takaful participants of the takaful fund for mutual financial assistance; and
   ii. Between the licensed takaful operator and takaful participants in managing the takaful funds.

4.2 At the point of entering into a contract

S 4.2.1 Contractual rights and obligations

a. A FSP shall inform financial consumers of the following:
   i. Any significant condition, warranty or obligation which financial consumers must meet, failing which the FSP may repudiate liability or cancel the cover;

For example:
(a) ***Motor insurance/takaful:*** *authorised drivers, limitations of use, and limitation on choice of repairers, if any*

ii. Duty of financial consumers in relation to disclosure and representations to the FSP for insurance/takaful contracts and the consequences of failure to disclose the relevant information, provision of inaccurate or false information, misrepresentation, etc.;

For example:
(a) ***Motor insurance/takaful:*** *previous accident and modification to the vehicle.*
(b) ***PA insurance/takaful:*** *the occupation and personal pursuits of financial consumers which would affect the risk profile of the consumers and the number of PA policies/takaful certificates that the consumers have purchased from other FSP.*

iii. The importance for financial consumers to ensure that the proposal form is completed accurately as it forms the basis of the insurance/takaful contract;

For example:
(a) ***PA insurance/takaful:*** *financial consumers must also be advised to nominate a nominee and ensure that the nominee is aware of the PA policy/takaful certificate that financial consumers have purchased/ participated.*

iv. The period of coverage;

v. The importance of receiving and keeping the receipt from the FSP as proof of payment of premiums/takaful contributions by financial consumers; and

vi. The time frame required by the FSP to issue a policy/takafulcertificate.

S 4.2.2 Additional requirement for general takaful products:

a. The contents of the proposal form, such as:
   i. the aqad that binds the takaful participants of takaful; and
   ii. the aqad that binds the takaful participants and the licensed takaful operator.

S 4.2.3 Claims

a. A FSP must explain to financial consumers the claims procedures and the consumers' responsibilities in relation to making a claim against the policy/takaful certificate;

(a) ***Motor insurance/takaful:*** *the steps to be taken by financial consumers when involved in an accident which include the requirements to obtain details of the accident such as the vehicles involved, to lodge a police report within 24 hours of the incident, to notify the FSP immediately and to submit the claims form with complete supporting documents. The FSP must advise the financial consumers the repairers they are allowed to use under their policy/takaful certificate in the event of a claim. The FSP must advise financial consumers holding comprehensive cover on the option to submit a third-party claim to their own licensed ITOs under Own Damage Knock-For-Knock (OD KfK) arrangement and financial*

consumers must be informed that their No Claims Discount (NCD) is not affected if an OD KfK is submitted, if the financial consumers are not at fault. The financial consumers must also be informed of the excess that they need to bear for vehicle damage claims. The FSP shall also explain to the consumers on claims for the compensation for assessed repair time (CART), including how the amount for CART is derived.

(b) ***Houseowner/householder insurance/takaful:*** *the amount of compensation depends on the basis of cover (i.e. replacement basis or reinstatement basis). Financial consumers must be advised to specifically declare each item to be insured/covered and keep the purchase receipts of the household items to support a claim under the householder policy/takaful certificate.*

(c) ***PA insurance/takaful:*** *the FSP must inform that if financial consumers have purchased/participated in multiple PA policies/takaful certificates, certain losses such as medical expenses are compensated on reimbursement basis. Therefore, the consumers will be compensated only once for the actual loss suffered.*

b. Possible implications of the claim on financial consumers' policy/takaful certificate in future renewals.

For example:

(a) ***Motor insurance/takaful:*** *imposition of excess or loading, loss of no-claim-discount and increase in premium/takaful contribution.*

S 4.2.4 Notice of cancellation

a. A FSP must inform financial consumers that:
   i. The policy/takaful certificate can be cancelled by financial consumers at any time by giving a written notice to the FSP; and
   ii. Upon cancellation, the financial consumers are entitled to a refund of the premium/takaful contribution.

   For example:

   (a) ***Motor insurance/takaful*** *and* ***Houseowner/householder insurance/takaful:*** *Refund of the premium/takaful contribution is on short period rates.*

   (b) ***PA insurance/takaful:*** *Refund of the premium/takaful contribution can be either based on short period rates or pro-rated basis.*

S 4.2.5 Change of contact/personal details

a. A FSP shall inform financial consumers of the importance of notifying the FSP of any change in their contact details.
b. For PA policy/takaful certificate, the consumers must be advised to inform the FSP of any change in their life profile, including the occupation and personal pursuits which would affect the risk profile of the financial consumers.

4.3 During the term of the contract

S 4.3.1 a. A FSP shall issue a notice of the expiry of the existing policy/certificate to financial consumers at least thirty (30) calendar days before the expiry date, to ensure that the financial consumers are given sufficient notice to obtain or renew the insurance/takaful cover.

b. For motor insurance/takaful, where the market value of the vehicle is provided in the notice of expiry, the market value must be current based on reference to a credible vehicle valuation database. However, if the market value of the motor vehicle is not available in the vehicle valuation database, the FSP shall provide the previous year's sum insured/covered of the vehicle in the notice of expiry and clarify that the indicated value is based on the previous year's sum insured/covered. The FSP shall also highlight that the current market value of the vehicle may have depreciated. A FSP shall inform the financial consumers on the applicable discount or rebate if the financial consumers choose to renew the policy/takaful certificate directly with the FSP. In addition, the FSP shall disclose the no-claim-discount entitlement to the financial consumers together with the notice of the expiry. The FSP shall also include a warning statement that it is an offence under the laws of the Republic of Singapore to enter the country without extending passenger liability cover.

5. Medical and Health Insurance/Takaful (MHIT)

S A FSP shall comply with the disclosure requirements under this paragraph for all types of individual MHIT policies/certificates, including MHIT riders attached to individual life policies/family takaful certificates, and group MHIT policies/takaful certificates referred to paragraph 3 of Schedule 8 of the FSA and paragraph 3 of Schedule 8 of the IFSA, where the master group policy/takaful certificate owners have no insurable interest/permissible takaful interest in the life of persons insured/covered under the policies/takaful certificates. A FSP must comply with the disclosure requirements stipulated in this policy document to all individuals covered under such group policies/takaful certificates. For other group MHIT policies/certificates where the group policy/takaful certificate owners have insurable interest/permissible takaful interest, the FSP shall ensure that the disclosures are made to the master policy/certificate owners.

5.1 Pre-contractual stage

S 5.1.1 Disclosure by FSP

a. A FSP must inform financial consumers that it is licensed under the FSA or IFSA and regulated by Bank Negara Malaysia.

b. Where insurance/takaful is to be arranged through an intermediary, a FSP must ensure that its intermediary discloses to the financial consumers, the name and address of the intermediary and the FSP underwriting the policy**/**takaful certificate.

S 5.1.2 A FSP shall inform financial consumers of the importance of providing sufficient and accurate information to enable the FSP to advise the consumers on the suitability of the MHIT product, taking into consideration the appropriateness of such product to the consumers' needs and circumstances.

S 5.1.3 Product features

a. A FSP shall provide financial consumers with sufficient details of the essential features of a MHIT product, including:
   i. types of MHIT products offered, such as hospitalisation and surgical insurance/takaful, critical illness insurance/takaful, disability income insurance/takaful and hospital income insurance/takaful, and the scope of cover for each type of MHIT product;
   ii. details of the benefits covered under the MHIT policy/takaful certificate such as what is and what is not covered. For example, hospitalisation and surgical insurance/takaful covers hospital accommodation and nursing expenses, surgical expenses, physicians' expenses and in-patient tests but it does not cover maternity, congenital abnormalities and cosmetic or plastic surgery;
   iii. the amount of insurance/takaful benefits payable under the policy/takaful certificate, when benefits will be payable, and the manner it will be paid such as, reimbursement of medical expenses incurred by the consumer and a lump sum payment of sum insured/participated or payment of an income stream at regular intervals for the period that the financial consumer is incapacitated or hospitalized;
   iv. details of the events, circumstances or contingencies upon which insurance/takaful benefits are payable.

Additional requirements for takaful products:

   v. applicable Shariah concepts between takaful participants of the takaful fund for mutual financing assistance and between the licensed takaful operator and takaful participants in managing the takaful funds.

S 5.1.4 Exclusions and limitations of insurance/takaful benefits

a. A FSP shall adequately disclose and clearly explain to financial consumers the information regarding insurance/takaful benefit exclusions and limitations, pre-existing conditions, specified illnesses and waiting period as specified in the Policy Document on Medical and Health Insurance/Takaful Business.
b. A FSP shall also inform the consumer whether any particular cover ceases at a pre-determined age of policy/takaful certificate anniversary.

S 5.1.5 Premium/contribution payments

a. A FSP must provide to financial consumers the full details of the premium/takaful contribution payments, including:

   i. the amount of premiums/takaful contributions, the frequency of payment and the period over which the premiums/takaful contributions are payable. The FSP must qualify that the total premiums/takaful contributions payable may vary, depending on the underwriting requirements of the FSP, where applicable;
   ii. the premiums/takaful contributions rates table showing the premiums/takaful contributions of the MHIT product for all ages at entry;
   iii. the possible conditions that would lead to the following scenarios on policy/takaful certificate renewals:
      (a) policy/takaful certificate is renewed with a level premium/contribution;

(b) policy/takaful certificate is renewed with an increased premium/takaful contribution; or
(c) policy/takaful certificate is not renewed.

A FSP must alert the financial consumer that the possible conditions disclosed are not exhaustive and that premium/takaful contribution rates may be reviewed or policy/takaful certificate renewal declined under other justified circumstances;

iv. whether the premiums/takaful contributions remain at the same level or may vary on renewal. Where premiums/takaful contributions have varied before, statistics on the annual increases in the standard premiums/takaful contributions for the MHIT product over the last three years for selected sample ages at entry of 30, 40, 50 and 60 shall be disclosed. A FSP must also alert the financial consumer that the past trends on the increase in premium/takaful contribution rates do not necessarily reflect the future trend;
v. highlight the FSP's right to revise the premiums/takaful contributions on policy/takaful certificate renewals; and
vi. co-payments borne by the consumer under cost-sharing or co-insurance/co-takaful terms, if applicable, shall be made clear to the financial consumer.

S 5.1.6 Disclosure of commissions/wakalah fees and charges

a. A FSP must provide financial consumers the full details of the costs charged, including:
   i. commissions/wakalah fees borne by the consumer, expressed both in terms of the aggregate amount and as a percentage of premiums/takaful contributions payable for each policy/takaful certificate year, for stand-alone and group policies/takaful certificates. For MHIT riders, A FSP must express commissions payable in aggregate amount in each policy/takaful certificate year; and
   ii. other fees and charges which are not included in the premiums/takaful contributions and the purpose of each fee or charge.

5.2 At the point of entering into a contract

S 5.2.1 Contractual rights and obligations

a. A FSP shall inform financial consumers of the following:
   i. any significant condition or obligation which the financial consumer must meet, failing which the FSP may repudiate liability or cancel the MHIT policy/takaful certificate;
   ii. duty of financial consumers in relation to disclosure and representations to the FSP for insurance/takaful contracts and the consequences of failure to disclose the relevant information, provision of inaccurate or false information, misrepresentation etc.;
   iii. the importance for the consumer to ensure that the proposal form is completed accurately as it forms the basis of the insurance/takaful contract;
   iv. the period of coverage;
   v. the importance of receiving and keeping the receipt from the FSP as proof of payment of premiums/takaful contributions by the consumer; and
   vi. time frame required by the FSP to issue a policy/takaful certificate.

vii. ***Additional requirement for takaful products:*** the contents of the proposal form, such as the aqad that binds the takaful participants of takaful and the aqad that binds the takaful participants and the licensed takaful operator.

S 5.2.2 A FSP shall inform financial consumers clearly about the free-look period/cooling-off period of fifteen (15) calendar days from the delivery date of the policy/takaful certificate to review the suitability of the newly purchased policy/takaful certificate. A FSP must highlight to the financial consumers they have the right to return the policy/certificate within 15 calendar days of the delivery of the policy/takaful certificate, after reviewing the terms and conditions of the policy/takaful certificate and that any expenses incurred by the FSP for the consumer's medical examination could be deducted from the premiums/takaful contributions.

S 5.2.3 Replacement of policies/takaful certificates: A FSP shall inform financial consumers on possible implications and disadvantages of switching policy/takaful certificate from one type of MHIT policy/takaful certificate to another or from one FSP to another FSP. For example, the consumer may be subject to new terms and conditions of the new policy/takaful certificate or of the new FSP.

S 5.2.4 Claims

a. A FSP must explain to financial consumers the claims procedures and the consumer's responsibilities in relation to making a claim against the policy/takaful certificate.
b. A FSP shall provide the list of panel hospitals/clinics where the consumer can seek treatment, if applicable.

S 5.2.5 Notice of cancellation

a. A FSP must inform financial consumers that:
   i. the MHIT policy/takaful certificate can be cancelled by the financial consumer at any time by giving a written notice to the FSP; and
   ii. for certain types of MHIT policies/takaful certificates, the financial consumer is entitled to a certain amount of premium/takaful contribution refund provided the consumer has not made a claim on the policy/takaful certificate.

S 5.2.6 A FSP shall inform financial consumers of the importance of notifying the FSP of any change in contact details.

5.3 During the term of the contract

S 5.3.1 a. Termination of coverage: To ensure that financial consumers are given sufficient notice, a FSP shall issue a notice of the expiry of the existing policy/takaful certificate to the financial consumer, at least thirty (30) calendar days before the expiry date. For example, a notice shall be issued by the FSP to inform the consumer that the MHIT policy/takaful certificate or rider will automatically terminate if the policy/takaful certificate anniversary nearest to the 70th birthday of the insured/takaful participant is reached.

b. Change to insurance/takaful benefits and premiums/takaful contributions: A FSP shall notify financial consumers in writing of all changes to critical insurance/takaful benefits and premiums/takaful contributions of a particular MHIT policy/takaful certificate and preferably, the reasons for the change, at least thirty (30) calendar days before any change is made. This is to ensure that the financial consumers are aware of the change made and given adequate time to reassess the insurance/takaful needs and to look for alternative products, if necessary. Changes to insurance/takaful benefits and premiums/takaful contributions of MHIT policies/takaful certificates can be made by a FSP on policy/takaful certificate anniversary or upon renewal only.
c. Change to panel hospitals/clinics: A FSP must ensure that financial consumers are informed of any change in its panel hospitals/clinics at least thirty (30) calendar days prior to the effective date of the change.
d. Cessation of business with insurance/takaful agents
In the event the insurance/takaful agents ceases to operate or continue to arrange its MHIT policies/takaful certificates, a FSP must inform the affected financial consumers (either by written notice or via electronic means) of the following:
   i. that the insurance/takaful agent has ceased to operate or has ceased to continue to arrange his MHIT policies/takaful certificates;
   ii. the new point of contact for policy/takaful certificate servicing; and
   iii. how future premiums/takaful contributions can be transmitted to the FSP, if applicable.

5.4 Disclosure requirements for marketing materials

S 5.4.1 A FSP shall as far as practicable, disclose all possible exclusions or limitations in a MHIT policy/takaful certificate in marketing and sales materials. Disclosures shall at least cover the following areas:

a. a statement alerting financial consumers that there are exclusions and limitations in insurance/takaful benefits, and how and where additional information on the exclusions and limitations could be obtained;
b. important exclusions and limitations of insurance/takaful benefits and circumstances in which the exclusions and limitations apply;
c. important pre-existing conditions, specified illnesses and the qualifying period applicable;
d. waiting period, deductibles, reimbursements, co-insurance/takaful, residence overseas, overseas treatment and the circumstances in which the limitations and exclusions apply; and
e. a statement alerting the financial consumer that the exclusions and limitations of insurance/takaful benefits highlighted are not exhaustive and that the full information are stipulated in the insurance/takaful contract.

The FSP shall use simple examples to illustrate the above disclosures.

Appendix V Requirement for Product Disclosure Sheet

Type of Product	Requirement for Product Disclosure Sheet[1]	
	Yes	No
Ordinary Life Insurance/Family Takaful	✓	
Investment-Linked Insurance/Takaful	✓	
Motor Insurance/Takaful	✓	
Houseowner/Householder Insurance/Takaful	✓	
Personal Accident Insurance/Takaful	✓	
Medical and Health Insurance/Takaful	✓[2]	
Other Products	✓	

Note:

1. The PDS must be given to financial consumers when they purchase a new policy/takaful certificate as well as when the financial consumers renew the insurance policy/takaful certificate, if there is a material change in the information contained in the PDS.

2. The sample PDS for medical reimbursement insurance/takaful products (i.e. hospital/surgical) is specified in the PD on Medical and Health Insurance/Takaful Business. For other types of MHIT products (i.e. critical illness, hospitalisation income, etc.), the sample PDS is specified in this Policy Document.

Appendix VI - Sample of Product Disclosure Sheet (Motor Insurance/Takaful)

[Note: This format will be replicated for other ITO products]

PRODUCT DISCLOSURE SHEET

FSP Logo and Name

Date: _____

Dear [Customer's Name],
This Product Disclosure Sheet (PDS) is designed to provide you with some key information on your **[motor insurance/takaful product name]**.

Other customers have read this PDS and found it helpful, **we think you should read this too**.

1 Know Your Coverage

For your [Product Type]

Your Vehicle	Proton Gen-2
Age of Vehicle	5 Years
Cubic Capacity	1597 cc
Sum Insured / Sum Covered	RM 30,000.00
No Claim Discount (NCD) Entitlement	30%
***Additional Coverage** (This is purchased with an additional premium/takaful contribution)	Windscreen coverage with sum insured / sum covered: RM500.00 Basic flood coverage (Additional 4% to your basic premium/takaful contribution price)

Your motor policy/takaful covers:

- Liabilities to other parties for injury or death.
- Damages to other parties' property
- Accidental or fire damage to your vehicle.
- Theft of your vehicle.
- Wind screen damage.
- Damage arising from floods and landslide.

Your motor policy/ takaful excludes:

- Your own death or bodily injury due to motor incident.
- Your liability against claims from passengers in your vehicle.
- Consequential loss, depreciation, wear and tear, rust and corrosion, mechanical/electronic breakdowns, failures/breakdown, equipment/computer malfunction.

If you have any questions about your insurance/takaful, you can:

Call us at	Visit us at:	Email us at:	Scan the QR code above
XXX-XXX-XXXX	https://[productspecificwebpage].com	XXX@Xmail.com	QR

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2 Know Your Obligations

QR Scan here to submit a claim

For this [Product Type], you must pay a premium/takaful contribution of:

Base premium/takaful contribution	RM1069
(-) 30% NCD entitlement	(RM320.70)
	RM 748.30
(+) Additional windscreen cover	RM75
(+) Additional basic flood cover	RM42.76
	RM866.06
(-) 10% Discount (direct purchase)	(RM 82.33)
	RM740.97
(+) 6% Service Tax	RM44.46
Total premium / takaful contribution	RM785.43
(+) Stamp duty	RM10
Total premium / takaful contribution payable	**RM838.19**

IMPORTANT INFORMATION YOU SHOULD KNOW

a The duration of coverage is 1 year. You need to renew the insurance/takaful cover annually.

b The insurance/takaful will only be effective once you have paid the premium/contribution (**cash before cover**).

c You must ensure that your vehicle is insured/covered at the appropriate amount as it will affect the amount you can claim

d You must notify us of all accidents within 24 hours, no matter how small, even if there is no visible damage, regardless whether you are claiming from any insurer or third party

Customer's Acknowledgment* (Optional)

Please ensure you are filling this section yourself and aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

**A customer's acknowledgement of this PDS shall not prejudice his/her right to seek redress in the event of subsequent disputes over the product terms and conditions.*

Name:
Date:

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SCHEDULE III: PAYMENT INSTRUMENTS

A FSP shall comply with disclosure requirements in respect of the relevant payment instruments as provided under the Policy Documents on Credit Card, Credit Card-i, Charge Card, Charge Card-i, Debit Card and Debit Card-i.

1. Electronic money

1.1 Pre-contractual stage

S 1.1.1 Basic features

a. A FSP shall inform financial consumers of the basic features of the electronic money (E-money), including the types of payment or transaction that can be made with the e-money.
b. A FSP shall highlight to financial consumers that the e-money is not a deposit account and will not earn any interest/profit.

S 1.1.2 A FSP shall clearly disclose to financial consumers all applicable fees and charges in relation to the e-money, the amount and frequency of payment.

S 1.1.3 Disclosure by intermediary

a. A FSP must ensure that its sales and marketing representatives contacting financial consumers identify the FSP being represented.
b. A FSP must ensure its sales and marketing representative explain to financial consumers the key terms, benefits and risks of the e-money instrument being offered by the FSP.

1.2 At the point of entering into a contract

S 1.2.1 Terms and conditions

a. A FSP shall ensure that the written terms and conditions of the e-money are made readily available to financial consumers. .
b. A FSP shall advise financial consumers to read and understand the terms and conditions before entering into the contract with the FSP. The FSP shall also highlight to the financial consumers the terms that have implication on the financial consumers' liabilities or obligations.

S 1.2.2 A FSP shall inform financial consumers of the relevant charges for retail e-money transactions made outside Malaysia.

S 1.2.3 Liability for lost, stolen and malfunction of e-money

a. A FSP shall highlight to financial consumers of their obligations to take reasonable steps to protect the e-money and personal identification number (PIN). The FSP shall also alert the financial consumers not to disclose e-money instrument or PIN details to any unauthorised party.
b. A FSP shall inform financial consumers that the FSP is not liable for any losses due to the negligence of the financial consumers.
c. A FSP shall inform financial consumers on the procedures to notify the FSP of the loss, theft or malfunction of the e-money.

S 1.2.4 A FSP shall inform financial consumers of the circumstances under which the credit balance in the e-money account will be refunded to the financial consumers, the time frame required for a FSP to process a refund as well as the applicable fees and charges.

S 1.2.5 A FSP shall provide financial consumers with the contact details of its customer service unit for financial consumers to make an enquiry or complaint and clearly state the procedures for financial consumers to lodge a complaint shall be clearly stated.

1.3 During the term of the contract

S 1.3.1 A FSP shall notify financial consumers of any change in fees and charges applicable to the e-money at least twenty one (21) calendar days prior to the effective date of implementation of such change.

S 1.3.2 A FSP shall notify financial consumers of any change in the terms and conditions at least twenty one (21) calendar days before the new terms and conditions take effect. A FSP's communication to the consumers shall be done through written or electronic notification.

Appendix VII - Sample of Product Disclosure Sheet (e-money)

PRODUCT DISCLOSURE SHEET

FSP Logo and Name

Date: _____

Dear [Customer's Name],
This Product Disclosure Sheet (PDS) is designed to provide you with some key information on **[e-money product name]**.

Other customers have read this PDS and found it helpful, **you should read this too**.

1 Know your [Product name]

[*Product name*] is an e-money which contains a monetary value that has been pre-loaded by you. The amount stored in your account will be deducted whenever you make a purchase using this [*Product name*]. You must make sure there is enough balance in your account before making payments using your [*Product Name*]. The balance in your [*Product Name*] will **not** earn any interest/profit.

2 Know your obligations

It is your responsibility to read and understand the following key terms:

1. FSPs to clearly highlight the key terms that affect the customer's obligations.
2. You must safeguard your [*Product Name*] and must not disclose the personal identification number (PIN) to any person.
3. aaa
4. bbb

Contact us **immediately** if you lose your [*Product Name*] or an unauthorised transaction has been made using your [*Product Name*].

Calling us at xx-xxx-xxxx

Lodging a report via https://[webpage].com

Email us at: xx@email.com

QR

Scan the QR code

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3 Know the relevant fees

Fees & Charges	Amount
Annual fee (if any)	RM xx
Joining fee (if any)	RM xx
Overseas transaction conversion fee (if applicable)	RM xx
Other fees	RM xx

If you have any questions about your [*Product Name*], you can:



Call us at
xx-xxx-xxxx



Visit us at:
https://[products webpage].com



Email us at:
xx@email.com

QR

Scan the QR code

Customer's Acknowledgment* (Optional)

Please ensure you are filling this section yourself and aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

**Your acknowledgement of this PDS will not prejudice your right to seek redress in the event of dispute over the terms disclosed in this PDS.*

Name:
Date:

SCHEDULE IV: CROSS-BORDER TRADE SETTLEMENT SERVICES

1. Disclosure Requirements

S 1.1 A FSP shall provide relevant information relevant information specified under paragraphs 1.2 and 1.3 to financial consumers in a timely, comparable, easily accessible and understandable manner.

S 1.2 A FSP shall disclose, at a minimum, the following material information to financial consumers:

a. prior to the execution of the payment-
   i. a detailed breakdown of fee components payable by the sender for making outward payments and by the beneficiary for receiving inward payments;
   ii. the daily actual, contracted or reference exchange rate, where applicable, used for the payment transaction;
   iii. the cut-off time for same-day processing of the sender's request by the sending FSP and the corresponding estimated timeframe taken for the crediting of funds by the receiving FSP; and
b. after the execution of the payment: the status of the transaction to be made available to the sender by the timeframe specified in paragraph 1.2(a)(iii) above in an easily accessible manner.

S 1.3 A FSP shall disclose financial consumers, the material information specified under paragraph 1.2 for all trade settlement services to facilitate comparison. The information that shall be disclosed by a FSP to a financial consumer, shall, at minimum include the information specified in the standard template in Appendices V and VI.

S 1.4 A FSP shall make available to financial consumers the information described in paragraphs 1.2 and 1.3 above at all its branches and website.

Appendix VIII Template for disclosure of cross-border trade settlement services

Type of Services	Fees and charges	Cut-off time for transaction to be processed
i.IMPORT		
Example:		
1.1 Import Letter of Credit		
Issuance		
Amendment		
Cancellation		
Cost of wire/TT*/SWIFT**/cable charges		
Service charges (e.g. handling, advising, commission, etc.)		
i.EXPORT		
Example:		
2.1 Export Letter of Credit		
Confirmation		
Cost of wire/TT/SWIFT/cable charges		
Service charges (e.g. handling, advising, commission, etc.)		
Other charges (e.g. stamp duty, postage, courier, etc.)		

Note:
*TT refers to Telegraphic Transfer
**SWIFT refers to the Society for Worldwide Interbank Financial Telecommunication

Appendix IX - Foreign exchange counter rates

Code	Foreign currency	Unit	Selling TT*/OD*	Buying	
				TT*	OD*

Note:
*TT refers to Telegraphic Transfer
**OD refers to On Demand rate