



Mr Palmer: MAS will also set up a deposit insurance scheme with \$20,000 limit

Investors will soon have recourse to mediation centre

It will allow for dispute resolution without expensive legal action: MAS

By Siow Li Sen
[SINGAPORE] Aggrieved investors upset with their remisiers or financial advisers will soon have a mediation centre to turn to for redress.

The idea is to have a fair, quick and inexpensive route for investors to settle their disputes without having to resort to more expensive legal action, said John Palmer, deputy managing director of the Monetary Authority of Singapore (MAS), yesterday.

The mediation unit will work very much on the lines of the mediation centres that have been set up to handle customer complaints against banks and insurers.

Mr Palmer said the banks' consumer mediation unit and the Insurance Dispute Resolution Organisation have been running since early last year, but MAS still has to work with financial advisers and other

financial intermediaries delivering capital market services to ensure that customers will have "efficient redress if problems arise".

"Our preference, of course, is that consumers can get efficient redress through an equivalent dispute resolution mechanism without having to access the legal system, but we also have to ensure that if consumers need to go to the courts, that too becomes reasonably efficient," said Mr Palmer in a keynote address to the Financial Planning Association of Singapore.

Elaborating later, an MAS spokeswoman said it had facilitated the setting up of a working group comprising key stakeholders with an interest in developing a formal dispute resolution mechanism for the capital markets.

The parties include industry associations representing stockbrokers, fund managers and financial advisers.

Details of the dispute resolution scheme will be released in the first half of this year, the spokeswoman

said. The types of dispute that will be covered by the resolution scheme are still being discussed, she said.

Representatives of some brokers confirmed that the MAS had contacted them about the setting up of a dispute resolution scheme. They also said that their firms had already in place in-house departments to handle complaints from customers.

Catherine Ong, spokeswoman for DBS, said the MAS proposal would affect the whole industry.

"DBS Vickers is studying it in conjunction with the Securities Association of Singapore. There are various issues we all have to look into, including what implications it will have for our own in-house complaints escalation process," she said.

DBS Vickers, UOB Kay Hian and OCBC Securities said complaints are handled immediately when possible. If investigations are required, customers are told in the same day or within a few days.

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Mediation centre to redress investors' woes

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An OCBC Securities spokesman said the firm will revert to its client within two days with the outcome of the investigation as well as its proposal for resolving the dispute.

"In the event that we are unable to resolve the matter, we will still contact our customer within two days to acknowledge that we are looking into his feedback," she said.

Yap Swee Hoo, president of the Society of Remisiers, said some investors' complaints go to the Singapore Exchange (SGX).

The exchange takes disciplinary action against those who have been found to be in breach of the exchange's trading rules and bye-laws.

Some disputes between brokers and investors, however, do not fall within these rules and bye-laws.

To ensure that consumers will have reasonable access to the courts if necessary, the MAS pointed to the rules of court that were gazetted in December and which have been in force since Jan 1.

These rules spell out the procedure by which MAS may bring civil penalty actions through the courts to impose financial penalties on persons found liable for market misconduct such as insider trading, manipulation and market rigging.

The rules also set out the procedure by which aggrieved investors may lodge claims for compensation on the coat-tails of successful civil penalty actions brought by MAS or successful criminal convictions obtained by the Public Prosecutor for such market misconduct.

With the rules, investors will not have to re-prove the case for market misconduct in order to ask for compensation.

Mr Palmer also said the MAS had decided to set up a deposit insurance scheme that will guarantee the bank savings of customers to an amount up to \$20,000. Deposits of up to \$20,000 account for 80 per cent of savings deposits in Singapore.

The MAS has been studying the deposit insurance scheme since August 2002 and is expected to publish a second consultation paper this quarter.