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Monetary Authority of Singapore (Dispute Resolution Schemes) Regulations 2007: Financial institutions to be members of dispute resolution schemes

The Monetary Authority of Singapore (Dispute Resolution Schemes) Regulations 2007 (the “**Regulations**”) came into operation on 22 August 2007.

The Regulations are made under section 28A of the Monetary Authority of Singapore Act, which was introduced on 30 June 2007 to enable the Monetary Authority of Singapore (the “**MAS**”) to approve dispute resolution schemes for resolving disputes relating to the provision of financial services in Singapore.

The dispute resolution schemes approved by the MAS are listed in the First Schedule to the Regulations. Currently, the dispute resolution scheme operated by the Financial Industry Disputes Resolution Centre Ltd (the “**FIDReC**”) is the only one listed.

The Regulations require the following financial institutions to be members of an approved dispute resolution scheme:

1. A bank licensed under the Banking Act;
2. A finance company licensed under the Finance Companies Act;
3. A person licensed under the Banking Act to carry on the business of issuing credit cards or charge cards in Singapore;
4. A direct insurer (other than a specialist insurer) registered under the Insurance Act;
5. A direct insurance broker;
6. A person who is granted a capital markets services licence under the Securities and Futures Act in relation to one or more regulated activities except a person:
 - (a) whose licence relates only to the regulated activity of advising on corporate finance; or
 - (b) who is required by a condition of the licence to only carry on the regulated activity or activities in relation to accredited investors, expert investors or institutional investors; and
7. A person who is granted a financial adviser’s licence under the Financial Advisers Act to provide financial advisory services except a person who is required by a condition of his licence to provide financial advisory services only to:
 - (a) an individual whose total net personal assets exceeds S\$2 million (or its equivalent in a foreign currency);
 - (b) an individual whose income in the preceding 12 months is not less than S\$300,000 (or its equivalent in a foreign currency); or
 - (c) a corporation.

About the FIDReC

Launched on 31 August 2005, the FIDReC is an independent institution specialising in the resolution of disputes between financial institutions and consumers. The FIDReC subsumes the work of the Consumer Mediation Unit (CMU) of the Association of Banks in Singapore and the Insurance Disputes Resolution Organisation (IDRO).

The jurisdiction of the FIDReC in adjudicating disputes between consumers and financial institutions is as follows:

1. For claims between insureds and insurance companies: up to S\$100,000.
2. For disputes between banks and consumers, capital market disputes and all other disputes (including third party claims and market conduct claims): up to S\$50,000.

At present, the FIDReC's services are available to all consumers who are individuals or sole-proprietors.

More information about the FIDReC is available on its website www.fidrec.com.sg.

Should you have any queries as to how this may affect your business, please do not hesitate to get in touch with your usual contact at Allen & Gledhill LLP or any of the following:

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