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MEDIA RELEASE

## **SINGAPORE CODE OF ADVERTISING PRACTICE – APPENDIX J (INVESTMENTS)**

The Advertising Standards Authority of Singapore (ASAS), an advisory council under the Consumers Association of Singapore (CASE), will implement enhanced guidelines to regulate advertisements on investments, including investments in overseas properties, and investment services.

The enhanced guidelines aim to minimise the scope for advertisers of investments and investment services to make claims that are speculative, misleading or which cannot be substantiated. The enhanced guidelines are contained under Appendix J of the Singapore Code of Advertising Practice (SCAP), which were developed in consultation with the Monetary Authority of Singapore (MAS) and the Council for Estate Agencies (CEA).

The enhanced guidelines will commence on 12 August 2015. Advertisers and media owners with contracts signed prior to the effective date will be given a three-month grace period until 11 November 2015 to fulfil the existing contractual requirements and adhere to the enhanced guidelines.

### **Warning to be cautious against overseas property investments**

The ASAS Council has observed an increase in the advertising of investments, including investment in overseas properties, and investment services such as wealth management seminars and seminars teaching trading strategies. Such advertisements may promise high or guaranteed returns or results but often lack sufficient warnings against any financial, legal or regulatory risks of such investments (e.g. restrictions on sale of properties by foreign citizens, potential tax liabilities). Therefore, consumers responding to such advertisements may not be aware of the risks of limited legal redress, risks of the investment, or the possibility of losing their capital investment.

For the period January 2013 to May 2015, ASAS received 41 feedback cases about advertisements by companies offering training as well as tips on investing in financial instruments and properties. Of particular concern was investment in overseas properties. Out of the 41 cases, 12 had involved advertisements on overseas property investment, which contained non-substantiated claims.

Incidentally, CASE also received 23 consumer complaints for the same period regarding overseas property investments. Most of the complaints involved consumers who had invested in overseas properties but were unable to get back their promised returns or

payouts. Many of them had been lured into making the investments by advertisements promising high rental yields or high capital growth. Some of the cases involved monetary losses of more than \$100,000.

### **Appendix J (Investments)**

The enhanced guidelines, which apply to all media platforms including online advertisements, provide greater clarity to the industry on ASAS' expectations on claims of potential returns or results made in advertisements on investments and investment services. It also raises the standard of warnings, disclosures and qualifications in such advertisements, to ensure potential risks of investments are appropriately highlighted to the public. With this added information, the public can be empowered to make more well-informed investment decisions.

Amongst others, the enhanced guidelines make clear that advertisements should not contain claims that give the impression that an investment is "safe", "low-risk" or "risk-free", or able to generate "quick", "easy" or "high" profits with little or no risk. In addition, any advertiser who wishes to promote overseas properties would be required to state clearly in his advertisements:

- Whether investors are acquiring an interest in the land, the building to be built on it and/ or the property within the building which is available for acquisition.
- If the property is still being developed, the development or building permit or building approval numbers and identity of the relevant authorities or agency who issued the permit or approval.
- A description of the site location, the actual site location, infrastructure development and accessibility.
- The form and nature of restrictions to foreign ownership of the land, building and property.
- Whether there are any potential tax liabilities, rates and other costs involved.

Advertisers who fail to comply with the guidelines will be asked to revise their advertisements, failing which to withdraw them altogether, to avoid providing inaccurate or misleading information. Advertisers who do not comply with the guidelines risk the withholding of advertising space or time by media owners, as well as the withdrawal of trading privileges from advertising agencies. In extreme cases, there is the additional sanction of adverse publicity through the publication of details of the outcome of ASAS' investigation.

The enhanced guidelines can be found in Annex A.

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**The Consumers Association of Singapore (CASE)**

The Consumers Association of Singapore (CASE) is a non-profit, non-governmental organisation that is committed towards protecting consumers' interest through information and education, and promoting an environment of fair and ethical trade practices. One of their key achievements is in lobbying for Consumer Protection (Fair Trading) Act (CPFTA), which came into effect on March 1, 2004.

**The Advertising Standards Authority of Singapore (ASAS):**

The Advertising Standards Authority of Singapore (ASAS) is an Advisory Council to the Consumers Association of Singapore (CASE). It was set up in 1976 to promote ethical advertising in Singapore and is the self-regulatory body of the advertising industry. The ASAS Council comprises representatives from advertisers, advertising agencies, government agencies, media owners and other supporting organisations. CASE provides secretarial support for ASAS.