

Content

Title :	Directions for Sale of Investment-linked Insurance Products 
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Content : 13. The “Guidelines for insurance business solicitation” mentioned in Point 9 herein shall contain at least the following particulars:

(1) Establish management rules for producing advertising or promotional materials and control procedures for the transmission, dissemination or promotion of such materials.

(2) Establish a set of product suitability policies, including the classification of customer risk levels and product risk level, providing products commensurate with the customer’s risk tolerance, not allowing non-professional investors to invest in structured products not commensurate with their suitability level or invest in structured products exclusively for professional investors, and establish a control mechanism to prevent solicitors from engaging in improper selling activities.

(3) When selling the Product, disclose in a timely manner risks, Return on Investment in connection with the Product and other relevant information to customers, and provide relevant sales documents, including at least product prospectus. If the Product is linked to a structured product, provide the customers additionally with information on return on investment and risk disclosure statement, Chinese prospectus and Chinese investor brochure on the structured product.

(4) The sales documents of the Product shall be produced in accordance with the Compliance Matters for Disclosure of Information on Investment-linked Insurance, of which, a product prospectus shall be given to the applicant for keeping. If a proposal is provided, the proposal shall have two copies and one of the copies, which is signed by the applicant for confirmation after reading shall be attached to the application form.

(5) Establish transaction control mechanism to prevent offering customers with products or services surpassing customer’s financial capability or unsuitable for the customer, and to prevent solicitors from engaging in unauthorized or illicit sales activities.

(6) Where the Product is linked to an offshore structured product, insurance enterprises shall fulfill their obligation to inform in accordance with the Regulations Governing Offshore Structured Products and relevant rules. The same shall apply if the Product is linked to a domestic structured product.

(7) Where the Product involves currency related derivatives transactions in connection with assets in a separate account undertaken for the purpose of currency hedging by an enterprise that is approved by the competent authorities to engage in or concurrently engage in discretionary investment service and entrusted by the insurance enterprise to utilize and manage the assets in the separate account in accordance with Subparagraph 2, Paragraph 1 of Article 5 of the Regulations Governing Investment of Investment-linked Insurance, the insurance enterprise, when selling the Product, should properly explain to the customer the nature of currency hedging, associated risks and other relevant information, and may not use low risk or currency risk free as appeal in advertising or other business activities.

16. Insurance enterprises shall include the contents of these Directions into the operating procedures for their internal control operations in accordance with Subparagraph 2, Paragraph 1, Article 5 of the Regulations Governing the Implementation of Internal Control and Audit Systems by Insurance Enterprises, and carry out internal audit and self-inspection accordingly.

Business units of an insurance enterprise that handle solicitation, underwriting and maintenance of the Product shall carry out special self-inspection on a quarterly basis. Its internal audit unit shall carry out special audit of the sales operation of the Product at least annually.