

CEA Ref.: PC 07-18

Date: 19 October 2018

Key Executive Officers

Dear Sir/Mdm,

## **FOR COMPLIANCE: MANAGEMENT OF TYPE A ADVERTISEMENT INFRINGEMENTS BY ESTATE AGENTS**

### Background

The Council for Estate Agencies (CEA) issued “Practice Circular PC 03-13: Management of Advertisement Infringements by Estate Agents with More Than 100 Salespersons” on 17 May 2013. PC 03-13 requires estate agents with more than 100 salespersons to investigate into Type A advertisement infringements, take action directly against their salespersons by issuing a Letter of Advice (LOA) if the complaint is substantiated, and submit their investigation report and the LOA to CEA within 4 weeks.

2. The reason for devolving the management of Type A advertisement infringements to estate agents with more than 100 salespersons is for these estate agents to play a greater role in the management and supervision of their salespersons. This is in line with the requirements spelled out in the Code of Practice for Estate Agents (COPEA), in particular the vetting of all publicity and advertising materials of their salespersons prior to publication [para 4(3) of COPEA], and putting in place a system with suitable processes to receive and investigate the claims and complaints against their salespersons [para 6(1) of COPEA]. A list of 12 advertisement infringements was identified as Type A in PC 03-13, which took effect from 1 June 2013.

3. CEA started the practice with the bigger estate agents as a pilot, with the intention to implement it for all estate agents. The practice of managing Type A advertisement infringements by the larger estate agents has been effective in reducing the number of Type A complaints by about 70% over the past 4 years. With the successful outcome, CEA has reviewed the management of Type A complaints for relevance and currency, and decided to expand its implementation to include all estate agents.

### Revisions to management of Type A complaints

4. The management of Type A complaints have been revised with the following changes:

a. Expansion of coverage to all Estate Agents. All estate agents are required to investigate and take action on their salespersons for Type A complaints referred by CEA to them.

b. List of Type A Infringements. CEA has reviewed the list of Type A advertisement infringements. The key considerations for infringements to be considered as Type A are:

(i) Nature of the infringements – infringements listed as Type A are considered to be minor breaches. Infringements of a more serious nature would be investigated by CEA for appropriate actions to be taken.

(ii) Infringements that are under the purview of other government agencies would not be placed under Type A. Such complaints would be referred to the relevant agencies.

The number of Type A advertisement infringements have been reduced to six after the review. Please refer to **Annex 1**.

c. Complaints related to KEOs. A Type A complaint on a salesperson will be referred to the Key Executive Officer (KEO) of the salesperson, for the KEO to look into the complaint. If a KEO is the subject of a Type A complaint, it is inappropriate for the estate agent to conduct an investigation into the complaint as the KEO is caught in a conflict of interest situation. For such cases, CEA will investigate and take appropriate action where necessary.

5. If an estate agent fails to take appropriate action against the salesperson found to have committed a Type A advertisement infringement, or where a salesperson has repeated Type A infringements, CEA will take over and investigate the complaint.

### Estate Agents' Responsibilities

6. Upon the receipt of a complaint that falls under Type A, CEA will write to the KEO, informing the estate agent to look into whether there is an infringement of the Code of Ethics and Professional Client Care (CEPCC) and/or Practice Guidelines on Ethical Advertising (PGEA) by its salespersons.

7. Estate agents will be given 4 weeks to investigate and submit the Investigation Report to CEA. The Investigation Report shall include the action taken against the salesperson concerned if the complaint is substantiated. If an LOA is issued by the estate agent to the salesperson, the estate agent shall submit a copy of the LOA, together with the Investigation Report, to CEA. A sample format of the Investigation Report and LOA are enclosed at **Annexes 2 and 3** respectively for reference.

### Implementation

8. This Practice Circular takes effect from 1 November 2018, and is for estate agents' compliance. It supersedes PC 03-13.

9. If you require any clarification, please call us at 1800-643-2555, or e-mail us at [feedback@cea.gov.sg](mailto:feedback@cea.gov.sg).

10. Thank you.

Yours sincerely,

DESMOND YEO  
DEPUTY DIRECTOR (INSPECTION & COMPLIANCE)  
FOR EXECUTIVE DIRECTOR  
COUNCIL FOR ESTATE AGENCIES

## Annex 1 – TYPE A ADVERTISEMENT INFRINGEMENTS

<b>S/N:</b>	<b>Type A Infringements:</b>	<b>Breach:</b>
1	Improper distribution of flyers (e.g. Doorsteps / iron grille gate/ Cars)	Para 4.1 PGEA and Para 5 CEPCC
2	Advertisements / flyers with missing or wrong information (e.g. company information, registration number of salesperson, contact number)	Paras 12(1) and 12(2) CEPCC
3	Using business names /titles that cannot be substantiated (e.g. claim of expertise/specialist/king)	Para 12(4)(c) CEPCC
4	Advertisement banner placed at public/ private premises without approval from relevant authorities	Para 4.1 PGEA and Para 5 CEPCC
5	SPAM emails	Para 4.3 PGEA and Para 5 CEPCC
6	Offer freebies or distribute brochures/name cards e.g. outside RES exam centre, to recruit salespersons	LC 16/11 and Para 5 CEPCC

### Acronyms:

CEPCC: Code of Ethics and Professional Client Care

LC: Licensing Circular

PGEA: Practice Guidelines for Ethical Advertising

## Annex 2 – SAMPLE INVESTIGATION REPORT

To CEA

Date: \_\_\_\_\_

I refer to the complaint against our salesperson. Our investigation report is as follows:

<b>CEA Case Reference No:</b>		
<b>Name of Estate Agent:</b>		
<b>Name of Salesperson:</b>		
<b>Name of Team and Team Leader (if any):</b>		
<b>Are there previous complaints against the salesperson received by the estate agent? Yes/No</b>		
<b>If yes, please indicate the number of complaints received by the estate agent.</b>		
<b>Chronology of Events</b> – Please describe in chronological order the sequence of events. All relevant evidence including SMS, Whatsapp messages, documents signed (e.g. Tenancy Agreements, Option to Purchase, etc.), recorded voice or video files if any, should be attached. Please number your attachments for easy reference, e.g. <i>Attachment 1, Attachment 2, Screenshot 1, Screenshot 2.</i>		
<b>Date</b>	<b>Description</b>	<b>Attachment Reference Number for Supporting Documents</b>
<b>KEO's Assessment and Action against the salesperson:</b>		
<b>Submitted by</b>		
<b>Name:</b>		
<b>Designation:</b>		

**Annex 3 – SAMPLE LETTER OF ADVICE**

Reference No. : \_\_\_\_\_

Date: \_\_\_\_\_

Mr / Ms \_\_\_\_\_

\_\_\_\_\_ [Address]

Singapore \_\_\_\_\_

Dear Mr / Ms \_\_\_\_\_ (Rxxxxxxx) [Salesperson Registration No.]

**LETTER OF ADVICE: ADVERTISEMENT INFRINGEMENT(S) OF THE CODE OF ETHICS AND PROFESSIONAL CLIENT CARE**

A complaint was received against you on \_\_\_\_\_ [Date] for the following advertisement infringement(s): \_\_\_\_\_

\_\_\_\_\_ [state the allegation]

2 It was established that you have \_\_\_\_\_

\_\_\_\_\_ [describe the infringement]

3 In doing so, you have breached paragraph \_\_\_\_\_ of the Practice Guidelines on Ethical Advertising (PGEA) and/ or paragraph \_\_\_\_\_ of the Code of Ethics and Professional Client Care (CEPCC), as set out in the First Schedule of the Estate Agents (Estate Agency Work) Regulations 2010.

4 You are advised to keep yourself fully conversant and comply with the duties in respect of advertisements as stipulated in the Code of Ethics and Professional Client Care and the Practice Guidelines on Ethical Advertising.

5 You are advised not to repeat such conduct in future. If you repeat such conduct or breach the Estate Agents Act and/or Regulations in future, you will be liable to more severe action by the Council for Estate Agencies.

6 Please acknowledge receipt of this Advice by signing and returning a duplicate of this letter.

\_\_\_\_\_  
Signature of KEO  
Mr / Ms Xxxxxx  
KEO  
Xxx Xxx [Name of Estate Agent]

\_\_\_\_\_  
Signature of salesperson