



Legal and Regulatory Framework

A. Legal Tradition

Singapore has inherited the English common law tradition, with features relating to certainty and internationalization inherent in the British system that are particularly applicable in the commercial arena.

The Application of the English Law Act, 1993 states that the common law of England (including the principles and rules of equity), so far as it was part of the law of Singapore before 12 November 1993, shall continue to be part of the law of Singapore. Section 3 of the act provides that the common law, however, shall continue to be in force in Singapore as long as it is applicable to the circumstances of Singapore and subject to such modifications as those circumstances may require.⁷

At the same time, Singapore law has made significant departures from the original English law in recent years, specifically in the area of commercial law, in favor of local legislation.

A comprehensive list and the contents of the laws of Singapore are available from the Singapore Statutes Online website, a service provided by the Singapore Attorney-General's Chambers.⁸

B. English Translation

The government, its policy bodies, and regulatory authorities all officially publish laws, regulations, circulars, and notices in English. As such, an English translation is not applicable.

C. Legislative Structure

Singapore features a multitiered legislative structure to govern the financial and capital markets, guided by the Constitution of Singapore.

[1st tier] Constitution of Singapore

[2nd tier] Acts and supplements (key legislation for the securities market)

[3rd tier] Subsidiary legislation (e.g., rules and regulations)

[4th tier] Guidelines, practice notes, and circulars (by MAS and SGX)

⁷ Text adapted by ADB Consultants for SF1 (with edits for relevance) from an overview of the Singapore legal system by the Singapore Academy of Law on the Singapore Law website, which is available at <http://www.singaporelaw.sg/sglaw/laws-of-singapore/overview/chapter-1>

⁸ See <http://statutes.agc.gov.sg/aol/home.w3p;resUrl=http%3A%2F%2Fstatutes.agc.gov.sg%2Faoi%2Fbrowse%2FtitleResults.w3p%3Bletter%3DB%3Btype%3DactsAll>

Table 2.1 illustrates the legislative structure mentioned above by giving significant examples of relevant securities market legislation for each of the individual tiers.

Table 2.1: Examples of Securities Market Legislation in Each Legislative Tier

Legislative Tier	Content or Significant Examples
Constitution of Singapore	Principles, Rights, and Obligations
Acts and supplements (key legislation, as amended)	<ul style="list-style-type: none"> • Monetary Authority of Singapore Act (Cap. 186) • Banking Act (Cap. 19) • Securities and Futures Act (Cap. 289) • Government Securities Act (Cap. 121A) • Companies Act (Cap. 50)
Subsidiary legislation (rules and regulations)	Securities and Futures Regulations, e.g., <ul style="list-style-type: none"> • Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 (G.N. No. S 611/2005) • Securities and Futures (Licensing and Conduct of Business) Regulations (2014)
Guidelines, notices, and circulars	<ul style="list-style-type: none"> • MAS Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions)

MAS = Monetary Authority of Singapore.

Source: Compiled by ADB Consultants for SF1 and based on publicly available information.

Key legislation is the summary term for those laws specifically aimed at a particular market, such as the securities market or capital market. These laws establish and govern securities markets or market segments, including the bond market, its institutions, and participants. These laws are enacted by Parliament and take effect upon signing by the President and publication in the Government Gazette or on the Gazette's website.⁹ The Securities and Futures Act (SFA) and the MAS Act represent the cornerstones of the key legislation for the Singapore bond and securities markets.

Rules and regulations are issued by the regulatory authority charged with the overall supervision and governance of the securities and capital markets, which is MAS as an integrated regulator. Regulations interpret aspects from key legislation and elaborate on the roles and responsibilities of market institutions and their participants.

Guidelines, notices, and circulars are issued by both the integrated regulatory authority of the financial and securities market, MAS, and the market institution, SGX, for the activities and market participants under their respective purview. These directives and other statements contain descriptions on how regulations should be applied and specific market activities carried out. Details and examples are given in sections D.1 and D.2, respectively.

D. Singapore Bond Market Regulatory Structure

The Singapore bond market and the financial and capital markets at large are legislated, regulated, and supervised by MAS, which operates as an integrated regulatory authority.

⁹ See <http://www.egazette.com.sg>

In addition, debt securities listed on SGX, whether for trading or profiling purposes, are subject to the rules and regulations on listing, trading, clearing, and settlement issued by SGX. As a self-regulatory organization (SRO), SGX also governs and supervises the admission and market activities of its members and participants.

Both MAS and SGX actively support the development of Singapore as a financial center, including with initiatives and activities for the bond market and its participants.

In the case of public offers of corporate bonds and notes, a prospectus has to be lodged with and registered by MAS unless an exemption applies. Where such corporate bonds and notes are to be listed, listing approvals need to be obtained from SGX, regardless of whether the listing is for trading or profiling purposes.

The individual regulatory processes, relevant approvals, application criteria, and related process and regulations are further detailed in other sections of this chapter.

1. Monetary Authority of Singapore

MAS is the central bank of Singapore and also acts as the single, integrated regulatory authority for the financial and capital markets in Singapore.

In 1970, the Singapore Parliament passed the MAS Act leading to the formation of MAS on 1 January 1971. The passing of the act gave MAS the authority to regulate the financial services sector in Singapore. In addition, it sets out MAS' regulatory functions for the securities market.

MAS has been given powers to act as a banker to and financial agent of the government. It has also been entrusted to promote monetary stability and credit and exchange policies conducive to the growth of the economy.

In April 1977, the government decided to bring the regulation of the insurance industry under the wing of MAS. The regulatory functions under the Securities Industry Act were also transferred to MAS in September 1984.

MAS now administers the various statutes pertaining to money, banking, insurance, securities, and the financial sector in general.

(a) Monetary Authority of Singapore Functions

As stipulated in the MAS Act, the functions of MAS are primarily to

- act as the central bank of Singapore—including the conduct of monetary policy, the issuance of currency, and the oversight of payment systems—and serve as a banker to and the financial agent of the government;
- conduct integrated supervision of financial services and financial stability surveillance;
- manage the official foreign reserves of Singapore; and
- develop Singapore as an international financial center.¹⁰

¹⁰ See also <http://www.mas.gov.sg/About-MAS/Overview.aspx>

The MAS Code of Conduct is available on its website.¹¹

(b) *Regulatory Instruments Issued by MAS*

MAS, in carrying out its functions as a regulator of the financial services industry, issues various instruments under acts administered by MAS, which are outlined below.¹²

(1) *Acts*

The acts contain statutory laws under the purview of MAS, which are passed by the Singapore Parliament. These have the force of law and are published in the Government Gazette. Examples include the Banking Act and Financial Advisers Act.

(2) *Subsidiary Legislation*

Subsidiary legislation is issued under the authority of the relevant acts and typically fleshes out the provisions of an act and spells out in greater detail the requirements that financial institutions or other specified persons (e.g., a financial adviser's representative) must adhere to. Subsidiary legislation has the force of law and may specify that a contravention is a criminal offense. They are also published in the Government Gazette. Examples in the context of the Singapore bond market are the Securities and Futures Regulations.

(3) *Directions*

Directions detail specific instructions to financial institutions or other specified persons to ensure compliance. They have legal effect, meaning that MAS could specify whether a contravention of a direction is a criminal offense. Directions consist of

- (i) directives, which primarily impose legally binding requirements on an individual financial institution or a specified person; and
- (ii) notices, which primarily impose legally binding requirements on a specified class of financial institutions or persons (e.g., MAS Notice 757 on Lending of Singapore Dollar to Non-Resident Financial Institutions).

(4) *Guidelines*

Guidelines set out principles or best practice standards that govern the conduct of specified institutions or persons. While contravention of guidelines is not a criminal offense and does not attract civil penalties, specified institutions or persons are encouraged to observe the spirit of these guidelines. The degree of observance with guidelines by an institution

¹¹ See <http://www.mas.gov.sg/~media/MAS/About%20MAS/MAS%20Code%20of%20Conduct.pdf>

¹² Adapted with minor edits from the MAS Regulatory and Supervisory Framework, which is available at <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulatory-and-Supervisory-Framework.aspx>

or person may have an impact on MAS' overall risk assessment of that institution or person.

(5) Codes

Codes set out a system of rules governing the conduct of certain specified activities. Codes are nonstatutory and do not have the force of law. However, a breach of a code may attract certain nonstatutory sanctions like private reprimand or public censure. Examples include the Code on Take-overs and Mergers (which is administered by the Securities Industry Council), the Code on Collective Investment Schemes, and the Code of Conduct for Credit Rating Agencies. A failure to abide by a code does not in itself amount to a criminal offense but may have certain consequences.

(6) Practice Notes

Practice notes are meant to guide specified institutions or persons on administrative procedures relating to, among others, licensing, reporting, and compliance matters. Contravention of a practice note is not a criminal offense unless a procedure stated in the practice note is also required by an act or regulation. An example is the Practice Note on Lodgement of Documents relating to Offers of Shares and Debentures.

(7) Circulars

Circulars are documents which are sent to specified persons for their information or are published on the MAS website for public information. Circulars have no legal effect.

(8) Policy Statements

Policy statements outline broadly the major policies of MAS.

A complete list of MAS regulations and regulatory instruments with a bearing on debt securities or the securities market at large—sorted by type, subject, or date of issuance—is available on the MAS website.¹³

(c) *Monetary Authority of Singapore as Issuer of Singapore Government Securities*

MAS is empowered by the Development Loan Act, the Local Treasury Bills Act, and the Government Securities Act to undertake the issue and management of SGS on behalf of the government in its capacity as its fiscal agent.

The amount of SGS issued is authorized by a resolution of Parliament and with the President's concurrence. Each year, MAS seeks approval from the Minister of Finance for the total SGS issuance amount for the new financial year. MAS decides, in consultation with the SGS Primary Dealers, the timing and amount of individual bond issues.

¹³ See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Funds-Management.aspx>

(d) Monetary Authority of Singapore as Financial Market Participant

As part of MAS' monetary policy operations, MAS monitors reserve and liquidity conditions and conducts appropriate money market operations to ensure sufficient liquidity for the smooth operation of the banking system, and to provide stable market conditions for financial institutions and economic agents to operate in.

MAS conducts repo transactions with Primary Dealers and other market participants under the MAS Intraday Liquidity Facility and Standing Facility. MAS has also been issuing short-term MAS bills as part of its money market operations since 2010.

(e) Role of the Monetary Authority of Singapore in Development of Singapore as a Financial Center

As an international financial center, Singapore offers financial institutions a pro-business environment that is cost-competitive with an effective regulatory environment, excellent infrastructure, and a highly skilled and cosmopolitan pool of finance professionals. Singapore is now home to over 200 banks, a growing number of which have chosen to base their operational headquarters in the country to service their regional group activities. Another key aspect of Singapore's financial center is also its deep and liquid capital markets.

MAS works closely with the industry and financial institutions on key strategic initiatives and expansion plans in Singapore. This may include partnering financial institutions with substantive business plans to establish or expand their operations in Singapore. Financial institutions may approach MAS about opportunities to tap tax incentives or grant schemes under the Financial Sector Development Fund, such as the training grant schemes and scholarships to deepen staff competencies and build specialist talent within their organizations.

2. Singapore Exchange Ltd.

SGX is an exchange holding company approved as an exchange and a market operator under Part II (Markets) of the SFA.

SGX serves as a frontline regulator for the securities (and derivatives) markets and clearinghouses that operate in Singapore. SGX works closely with relevant regulatory authorities, including MAS and the Commercial Affairs Department (CAD), to develop and enforce rules and regulations with a view of building an enduring marketplace.

In addition to the setting of listing and trading rules, SGX supervises trading and clearing activities in its securities and derivatives markets. SGX conducts real-time surveillance to detect irregular trading activities and take action when investigations of potential wrongdoing prove true.

With particular reference to the bond market, SGX owns and operates SGX Securities Trading, also referred to as the securities market, which includes the Wholesale Bonds segment (for profile listing) and listing and trading for retail bonds, as well as the new SGX Bond Pro platform, and the CDP. Interest rate derivatives, which are also considered part of the bond market, fall under the SGX derivatives markets.

Some of the listing and trading rules of SGX are discussed in the appropriate chapters and sections of this bond market guide. The regulatory framework put in place and the approach

to rules and regulations by SGX are best demonstrated in its published SGX Guiding Principles, outlined below.

(a) *Singapore Exchange Ltd. Guiding Principles*

In conducting its regulation of the market, SGX has adopted six guiding principles.¹⁴ The first three principles relate to how SGX targets what it regulates while the next three principles relate to how SGX devises its rules and conduct its regulatory activities.

Guiding Principle One: Disclosure-Based Regulation

SGX believes that market users should have a wide range of choices and that the decision whether a particular security or product is suitable for an investor is largely a matter for the market users and their advisers. For this principle to work, it is necessary for the market to be provided with timely, accurate, and adequate disclosure of all matters needed to make informed decisions about the listed products. Hence, SGX focuses on facilitating fair access to information for all market users as the fundamental building block for achieving a fair, orderly, and transparent market. The disclosure of information alone will not be sufficient. It is, therefore, supplemented by high baseline standards to determine whether a particular type of listing or product is suitable for the various segments of the SGX market.

Guiding Principle Two: Comprehensive Risk Management

Market users also need absolute certainty that their trades can be finalized. This is a fundamental basis for their trading. Any breakdown in the post-trade activities of clearing and settlement will result in a loss of confidence and can effectively bring the market to a halt. Consequently, SGX focuses regulatory attention on the safe and efficient operation of its clearinghouses as a very high priority. It requires a comprehensive, integrated, and reliable approach to the management of the counterparty risks from clearing and trading members as well as other risks within the clearinghouses.

Guiding Principle Three: Risk-Based Targeting of Regulatory Activities

In order to make an optimal allocation of regulatory resources, SGX adopts a pragmatic risk-based approach. Supervisory activities focused on principles one and two are tailored according to risk profiles SGX develops for issuer sponsors and its member firms. The profiles are based on SGX's assessment of their management systems and the risks inherent in their business models and products bearing in mind the responsibilities of their own management to provide proper and thorough risk oversight of their business activities. SGX then allocates resources to those matters that it considers as posing the greatest risk to achieving a fair, orderly, and transparent market, as well as safe and efficient clearing outcomes.

¹⁴ This information has been adapted with minor edits by ADB Consultants for SF1 from SGX. How We Regulate. <http://www.sgx.com/wps/portal/sgxweb/home/regulation/howwereg>

Guiding Principle Four: Balanced Approach to International Best Practice

SGX has strong international dimensions as reflected in its traded products, listed companies, market intermediaries, and market users. In keeping with this, SGX aims to ensure that its rules and regulatory activities are consistent with international best practice for exchanges such as issuers being able to use International Financial Reporting Standards. At the same time, in pursuing regulatory outcomes, SGX seeks to strike an appropriate balance between internationally recognized practices and local needs and conditions. SGX does not adopt an unthinking mechanical approach and focuses on the substance rather than the form in the rules.

Guiding Principle Five: Transparency

SGX seeks to be open and transparent in all its regulatory operations to the extent consistent with its statutory obligations and the public interest. In addition to statutorily mandated public consultations on rule amendments, SGX consults market users, where appropriate, on the proposed introduction of new products and initiatives. The SGX website publishes feedback received from market users on the public consultations, has a public register of Listing Rule waivers, and publishes “Grounds for Decision” by Disciplinary Committees.

Guiding Principle Six: Singapore Exchange Ltd. as a Frontline Regulator and Managing Regulatory Conflict

MAS is the statutory regulator and has oversight of SGX’s regulatory responsibilities. SGX performs a frontline regulatory role in maintaining fair, orderly, and transparent markets, as well as safe and efficient clearing facilities. SGX maintains a continuous dialogue with market users. This market proximity improves SGX’s understanding of the businesses of market users and the compliance issues they face, enabling it to assess their compliance and to appropriately calibrate regulatory solutions and enforcement actions. SGX also maintains a close collaborative relationship with other regulatory and enforcement agencies—including MAS, the CAD, and the Accounting and Corporate Regulatory Authority—on matters such as regulatory policies, risk management, regulatory oversight, and enforcement actions. SGX is conscious that its dual role as both a frontline regulator and a commercial entity can create conflicts between its regulatory responsibilities and its commercial objectives (regulatory conflicts). The SFA places a legal obligation on the board and management of SGX to maintain effective governance arrangements for managing such conflicts. The arrangements include a Regulatory Conflicts Committee of the SGX Board, which ensures the adequacy and quality of resources for SGX’s regulatory functions, the robustness of the decision-making structure, and the supervision of processes for identifying and managing regulatory conflicts. For instance, all waivers of rule requirements granted by SGX as well as enforcement actions leading to Disciplinary Committee proceedings undertaken by it are disclosed to the public and/or to its members. This transparency assures due process in the making of SGX’s regulatory decisions. MAS exercises overall supervision of SGX and its management of regulatory conflicts.

SGX believes that this conflict governance model is the most appropriate for its markets at this time. However, SGX is committed to vigilance in reviewing the operation of the model and in adapting it appropriately in the light of experience and market developments.

(b) Rules and Regulations

Rules and regulations issued by SGX and used for the governance of its markets, participants, and members are contained in seven SGX Rulebooks, which are further explained in section H in this chapter.¹⁵

In addition, SGX also issues Directives, Practice Notes, and Circulars to its participants and members on the interpretation of the rules and to set and maintain listing, trading, clearing and settlement conventions and practices.

E. Key Legislation and Regulations for Debt Securities

This section gives a brief overview of the applicable key legislation and regulations with relevance for the Singapore bond market, and the issuance, listing, and trading of bonds and notes.

Processes particularly relevant in the Singapore market for the application and approval for the issuance or listing of, and reporting on debt securities are explained in greater detail in section F.

1. Securities and Futures Act

General provisions for the issuance, listing, trading, clearing, and settlement of bonds and notes (official term: debt securities) in the Singapore market are contained in the SFA, as amended, which was passed by Parliament on 5 October 2001 and came into force incrementally during the course of 2002.

The SFA is administered by MAS and also defines professional investors and other bond market participants, their eligibility, and licensing criteria. Regulated activities under the SFA include

- (i) dealing in securities,
- (ii) trading in futures contracts,
- (iii) leveraged foreign exchange trading,
- (iv) advising on corporate finance,
- (v) fund management,
- (vi) securities financing,
- (vii) providing custodial services for securities,
- (viii) real estate investment trust (REIT) management, and
- (ix) providing credit rating services.

¹⁵ This information has been adapted with minor edits by ADB Consultants for SF1 from SGX. How We Regulate. <http://www.sgx.com/wps/portal/sgxweb/home/regulation/howwereg>

2. Specific Monetary Authority of Singapore Regulations

In tandem with the entry into force of the SFA, MAS also issued new regulations to supplement the SFA, such as the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations (Shares and Debentures Regulations), which are updated from time to time.

MAS groups its information on applicable legislation, rules, and regulations for the securities market under the Header “Securities, Futures and Fund Management” on its Regulations, Guidance and Licensing web page.¹⁶ In addition, the web page also contains details on the relevant subsidiary legislation, rules, and regulations for Payment and Settlement Systems with a bearing on the bond and securities market under a header of the same name.¹⁷ Both sections may be searched by type of regulation or date of issue.

MAS also regulates and supervises a number of activities in the money market, including provisions and the practices for repurchase agreements (repo), short-selling, and securities lending and borrowing. In addition, the issuance and settlement infrastructure for SGS is owned and operated by MAS, and it may issue separate rules and regulations to those market institutions that are eligible to participate.

3. Companies Act

Specific provisions also exist in the Companies Act on the issuance of debt and other securities by companies incorporated in Singapore, including the need to issue at least one physical certificate for issued instruments in this immobilized market. The act is administered by the Accounting and Corporate Regulatory Authority, the national regulator of business entities and public accountants in Singapore.

4. Government Securities Act

The Government Securities Act (as amended from time to time) regulates the issuance, offering, and distribution of SGS.

MAS may supplement these laws with its own Guidelines, Notices, or Practice Notes on the practical aspects of SGS issuance and related market activities.

5. Singapore Exchange Ltd. Listing and Trading Rules

SGX Listing Rules for debt securities are found in Chapter 3 of the Mainboard Rules in the SGX-Securities Trading (SGX-ST) Listing Manual. Debt securities listed in the retail bond market (i.e., not limited to Institutional and Accredited Investors) are traded on the SGX-ST market and are subject to the SGX-ST Trading Rules.

6. Debt Capital Market Practice Guidelines

Beside MAS’ legislative provisions and regulatory prescriptions as well as SGX’s Listing Rules, the Association of Banks in Singapore has proposed a set of Debt Capital Market Practice Guidelines containing recommendations for participants in the origination of debt capital

¹⁶ See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Funds-Management.aspx>

¹⁷ See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Payment-and-Settlement-Systems.aspx>

market products.¹⁸ While the guidelines are not legally binding, parties involved in a debt securities issuance in Singapore are encouraged to adopt the market practices set out in them.

F. Debt Securities Issuance Regulatory Processes

Public offers of debt securities in Singapore require the lodgement of a prospectus and the registration of the prospectus by MAS.¹⁹ In contrast, no regulatory filings with MAS are required for bonds or notes offered or issued to Accredited or Institutional Investors.

Both public offers and private placements may be listed on SGX, which would require the compliance with necessary approvals, documentation, and disclosure requirements set out in the SGX Listing Rules. As such, the listing on SGX is included in the overview of regulatory processes here. However, since a listing of debt securities is decided at the discretion of the issuer, or parties involved in the issuance, the actual listing process, including criteria and approvals, is described in greater detail under the Singapore market characteristics in Chapter III.I.

In Singapore, there are no distinctions of regulatory processes by specific corporate issuer types, or by issuance currency, as shown in Table 2.2.

1. Regulatory Processes by Issuer Type

Table 2.2 provides an overview of these regulatory processes by corporate issuer type and identifies which regulatory authority or market institution will be involved. In order to make the issuance processes by issuer type more comparable across the ASEAN+3 markets, the table features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish their processes according to such issuer types. Sovereign issuers are typically exempt from corporate issuance approvals but, at the same time, may be subject to different regulatory processes.

2. Regulatory Process Overview

There is no distinction between the issuance process for Singapore dollar or foreign currencies. Only public offers require of the issuer to lodge and register a prospectus with MAS, as further detailed in section 4. A listing on SGX is optional and related processes are described in Chapter III.I.

The issuer may appoint an arranger or arrangers for a proposed bond or note issuance, and a lead arranger in case of multiple arrangers. An arranger needs to hold a Capital Market Service (CMS) licence issued by MAS. The (lead) arranger would, typically, support the issuer in the compilation of the required issuance documentation and disclosure information and, hence, is mentioned in the regulatory process map in Figure 2.1, as well as in other illustrations and descriptions in this document.

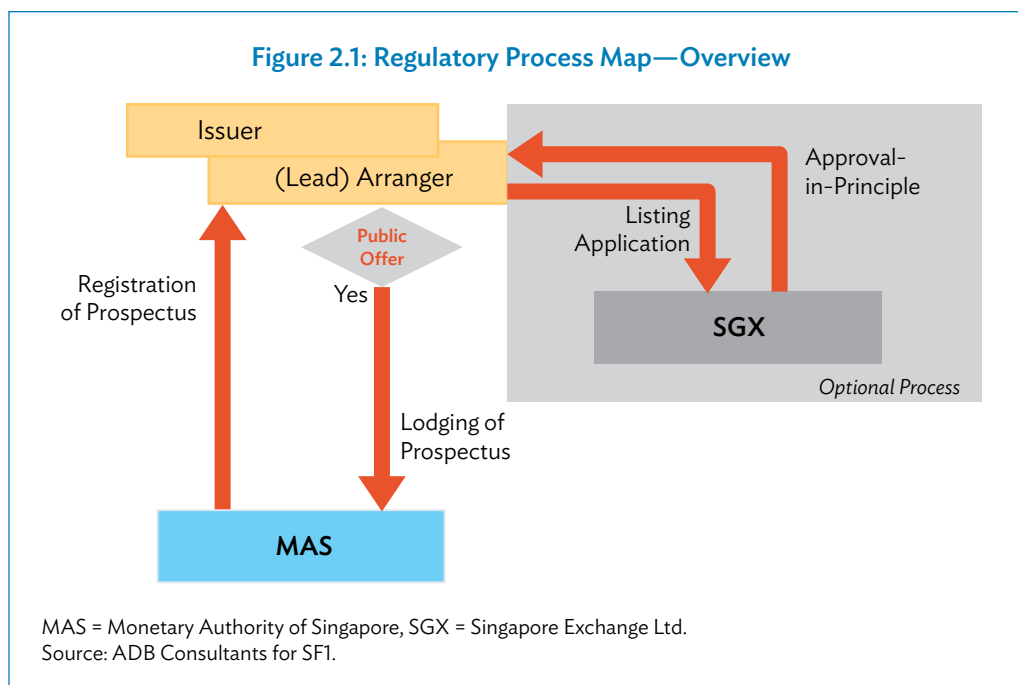
¹⁸ Available at http://www.abs.org.sg/industry_investment.php

¹⁹ Please see Chapter III.E for an explanation of what constitutes public offers in Singapore.

Table 2.2: Authorities Involved in Regulatory Processes by Corporate Issuer Type

Type of Corporate Issuer	MAS (Public Offers only)	SGX
Resident issuer	Lodgement and registration of prospectus required	Listing eligibility follows criteria and related provisions in SGX Listing Rules
Resident nonfinancial institution		
Resident financial institution		
Resident issuing FCY-denominated bonds and notes		
Nonresident issuer		
Nonresident nonfinancial institution		
Nonresident financial institution		
Nonresident issuing FCY-denominated bonds and notes		

FCY = foreign currency, MAS = Monetary Authority of Singapore, SGX = Singapore Exchange Ltd.
 Source: ADB Consultants for SF1.



3. Regulatory Process in Case of a Nonresident Issuer

Under Singapore law and in the regulations and rules issued by MAS and SGX, respectively, there are no distinctions made between domestic issuers and nonresident issuers. As such, the regulatory process described in section 4 is applicable to issuers from any domicile.

At the same time, in the case a nonresident financial institution intends to issue SGD-denominated bonds or notes in Singapore, and use the issuance proceeds outside of Singapore, the nonresident financial institution and its intermediaries are required to swap or convert such issuance proceeds into foreign currency before remitting them abroad. MAS Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions) puts the onus to ensure compliance on any resident financial institution(s) involved in the transaction.²⁰ For details, please refer to Chapter II.N.

4. Regulatory Process for Public Offers

In Singapore, all offers of bonds or notes must be accompanied by a prospectus lodged with and registered by MAS, unless an exemption applies (see section 5 for details on exemptions).²¹ This is set out in Section 240 of the SFA and applies regardless of the domicile of the issuer.

MAS adopts a disclosure-based regime which is supported by the Offers and Prospectuses Electronic Repository and Access (OPERA) system available since July 2002 (see also section G.1, including screenshot).

For a debenture issuance program, a prospectus can consist of a base prospectus (valid for 2 years) and a pricing statement. The base prospectus is valid for all offers under the same program, and subsequent offers require only that a pricing statement be lodged and registered with MAS.

A preliminary prospectus may be distributed to Accredited and Institutional Investors only, to determine the appropriate amount and price of the securities to be offered, even before registration of the prospectus itself. Upon lodgement of the prospectus, the issuer can conduct roadshow presentations to Accredited and Institutional Investors, as well as commence book-building exercises. After lodgement, the prospectus is put up for public viewing and comment on the OPERA portal.

Please note that if the debt securities are offered under the Asian Capital Market Forum (ACMF) initiative called the ASEAN Disclosure Standards Scheme, the prospectus must comply with said ASEAN Disclosure Standards, references to which have been included in the applicable regulations (see below).

The following steps describe the actions to be undertaken by the relevant parties in the course of the lodging of the prospectus and its registration, which constitutes the regulatory process with respect to the prospectus and bond or note issuance by MAS.

Step 1 – Lodging of Prospectus via Offers and Prospectuses Electronic Repository and Access

The issuer or the (lead) arranger needs to lodge the prospectus with MAS. A number of alternative key documents for a public offer, detailed under Section 257 of the SFA, may also be considered as prospectus. This includes an offer information statement (OIS) available to issuers who are already listed on an exchange and, hence,

²⁰ Notice and FAQ available at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/commercial-banks/notices/2004/notice-757--lending-of-singapore-dollar-to-non-resident-financial-institutions.aspx>

²¹ Please also see Chapter III.E for an explanation of what constitutes public offers in Singapore.

have previously published a prospectus. OIS particulars are set out in the Sixteenth Schedule of the SFA Regulations.

The issuer or authorized agent may also lodge a preliminary document, such as an excerpt of a draft prospectus, with MAS if so desired. In the SFA and its accompanying regulations, this is referred to as a profile statement for which specific prescriptions exist as well.

Prospectus requirements are prescribed in Part XIII (Division 1, Subdivision 2) of the SFA, and further augmented in Part II of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations, 2005 (G.N. No. S 611/2005). A prospectus for an ASEAN Offering of Plain Debt Securities shall contain the particulars set out in the ASEAN Debt Securities Disclosure Standards (see also Chapters IX and X).

As specified in Sections 11 and 12 of the Regulations, the prospectus is to be lodged to MAS in electronic form in PDF via OPERA.²² Signatures or specific signed forms or declarations are also to be lodged as separate PDF documents. Where the issuer uses the services of an arranger or legal counsel to lodge the relevant documents, the issuer needs to also lodge a statement authorizing said agent to make the lodgement.

MAS may also request the submission of the prospectus and/or supplementary documents in paper form, in A4 format. In such a case, the issuer or its authorized agents would have to submit a signed statement that the paper form contains the same information as the PDF submitted via OPERA.

Pursuant to Section 243 of the SFA, the prospectus should include all the information that investors and their professional advisers would reasonably require to make an informed investment decision, including an informed assessment of the following matters:

- (i) the rights and liabilities attaching to the securities;
- (ii) the assets and liabilities, profits and losses, financial position and performance, and prospects of the issuer;
- (iii) if the underlying entity is controlled by
 - (a) the person making the offer;
 - (b) one or more of the related parties of the person making the offer; or
 - (c) the person making the offer and one or more of his or her related parties,
 - (d) the assets and liabilities, profits and losses, financial position and performance, and prospects of that entity; and
- (iv) in the case of an offer of units of shares or debentures, where the person making the offer, or an entity which is controlled by
 - (a) the person making the offer;
 - (b) one or more of the related parties of the person making the offer; or
 - (c) the person making the offer and one or more of his or her related parties,

is or will be required to issue or deliver the relevant securities, or to meet financial or contractual obligations to the holders of those units, the capacity of that person or entity to issue or deliver the relevant securities, or the ability of that person or entity to meet those financial or contractual obligations.

²² See <https://opera.mas.gov.sg>

When deciding on the inclusion of information in the prospectus, Section 243 (4) prescribes the consideration of

- (i) the nature of the securities and the nature of the entity concerned;
- (ii) the matters that likely investors may reasonably be expected to know; and
- (iii) the fact that certain matters may reasonably be expected to be known to the professional advisers of such investors.

The Seventh Schedule of the SFA Regulations also contains specific provisions for the contents and form of the prospectus for debt securities to be listed on an exchange, while similar provisions are contained in the Eleventh Schedule for offers of debt securities under a debenture issuance program.

In this context, reference is made to the Guidelines on Good Drafting Practices for Prospectuses issued by MAS in July 2015.²³ The guidelines specifically advocate the use of plain English in the prospectus to improve the readability of prospectuses and facilitating investors' understanding of the key information disclosed in prospectuses.

Under MAS' Guidelines on the Product Highlights Sheet, 2015 (Guideline No. SFA13-G13), offers of "plain vanilla debt securities" where the offer is made in or accompanied by a prospectus or OIS, the issuer and its professional advisers will need to prepare a Product Highlights Sheet (PHS) and lodge the PHS together with the prospectus or OIS, respectively.

The PHS should highlight key information in the offer documents of the relevant offer of securities to investors, and clearly disclose required information in the format specified in the guidelines. The PHS template for debt securities is contained in Appendix 1 of these guidelines and serves as a minimum standard.

The applicable fee shall be paid to MAS at the time of the lodgement of the documents. Fees are prescribed in the First Schedule of the SFA Regulations.

Step 2 – Registration of Prospectus by the Monetary Authority of Singapore

MAS conducts a regulatory review on the prospectus and additional lodged documents and may, at its discretion, ask the issuer or (lead) arranger for additional documents or information, or may provide feedback as necessary. MAS may refuse a lodgement if it does not comply with the prescribed form or format and if applicable fees are not paid.

If prospectus and documents comply with the requirements, MAS will register the prospectus within 7–21 days from the date of lodgement, unless the period is extended for a maximum of 28 days, or the issuer requests a later registration date. A registration letter is sent to the issuer to inform it of the registration of the prospectus. The status of the registration of a prospectus or offer invitation statement for an offer of debentures is reflected on MAS' OPERA web page (see also section G and Figure 2.2).²⁴

²³ See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Funds-Management/Guidelines/2015/Guidelines-on-Good-Drafting-Practices-for-Prospectuses.aspx>

²⁴ See <https://opera.mas.gov.sg/ExtPortal/Public/SD/SearchOffers.aspx?idx=DBT>

Following the registration, the issuer may launch the public offer and distribute the registered prospectus. A registered prospectus is valid for 6 months. In case of a debenture issuance program, the base prospectus is valid for 2 years but the pricing statement will need to be lodged and registered for each tranche under the program.

5. Exemptions from Prospectus Requirements

As previously mentioned, a number of exemptions from prospectus requirements exist, particularly for the specific categories of investors detailed in Chapter III.N. These exemptions include:

- Offers made to Institutional Investors (Section 274 of the SFA) and to Accredited Investors, subject to certain conditions, e.g., advertising restrictions (Section 275 of the SFA).
- Private placement offers made to no more than 50 persons within any period of 12 months, subject to certain conditions (Section 272B of the SFA).
- An entity whose shares are already listed on SGX may use an OIS instead of a prospectus when issuing new types of securities such as bonds or notes (Section 277 of the SFA). An OIS has fewer disclosure requirements.
- Small offer: the total amount raised by the person from such offers within any period of 12 months does not exceed SGD5 million, or its equivalent in a foreign currency, and subject to certain conditions (Section 272A of the SFA).

6. Regulatory Process for Private Placements

Private placements which satisfy the conditions set out in Section 272B of the SFA are not subject to the prospectus requirement.

Private placements of bonds and notes aimed at Accredited or Institutional Investors represent the largest part of the wholesale, or professional, bond market in Singapore. (The other part being public offers to more than 50 Accredited or Institutional Investors.) Accredited or Institutional Investors are expected to be able to make their own informed investment decisions.

In the event that a private placement would be listed on SGX, the eligibility criteria and provisions for such listing and the necessary approval process would be governed by the SGX Listing Rules. Please refer to Chapter III.I for a complete description.

7. Obligations after Registration of Prospectus and after Issuance

The SFA, in Part XIII, Division 1 Subdivision 3, contains certain ongoing obligations for offers of debentures, such as regular reports to be furnished to MAS and the trustee (if appointed). For continuous disclosure obligations, please refer to section G in this chapter.

In the case of bonds or notes being listed on SGX, any ongoing obligations for the issuer or its agents are set out in the SGX Listing Manual. See section G.2 for details.

8. No Specific Issuance Process for a Domestic Financial Institution

In Singapore, there is no distinction between the regulatory processes for resident financial institutions and other issuer types to issue bonds or notes via public offers or private placements to Accredited or Institutional Investors. As such, the regulatory processes are the same as shown in the respective sections above.

This is mentioned here as a matter of clarification, since other markets may have designated issuance approval requirements for financial institutions under banking or other relevant prudential regulations.

9. Regulatory Process for Foreign-Currency-Denominated Debt Instruments

The regulatory process for the issuance of foreign-currency-denominated debt instruments in Singapore follow the details of the processes shown in the previous sections, depending on the issuance form. No separate approvals are required.

G. Continuous Disclosure Requirements in the Singapore Market

Continuous disclosure requirements for securities, including debt securities listed on SGX, are prescribed in Section 203 of the SFA and also detailed in the SGX Listing Rules.

1. Public Offers

The key disclosure document for corporate debt securities offered to the public is the prospectus.²⁵ Once the prospectus is lodged with and registered by MAS, some of the key information in the prospectus is required to be updated at regular intervals. Section 268 of the SFA provides that where there is a trustee for the holders of any debentures of a borrowing entity, the directors, or equivalent persons of the borrowing entity, are required to lodge on a quarterly basis with MAS and the trustee a report that sets out any matters adversely affecting the security or the interests of the holders of the debentures. Additionally, profit-and-loss accounts and balance sheets should be lodged with MAS and the trustee on a semiannual basis.

At the same time, information on public offers can be accessed through an online document and information database available via the MAS website, under the OPERA tab at the bottom of each web page.²⁶ MAS launched OPERA in the context of making available more online services to market participants. OPERA has been in operation since July 2002 and is available for viewing of all relevant offer information from Monday to Saturday, with the exception of its daily scheduled downtime between 4 a.m. and 6 a.m. Singapore time (GMT+8).

In case the issuer is a company already listed in Singapore, and/or plans to list the debt securities on SGX, the issuer will be subject to disclosure requirements of financial and other material information under the SGX Listing Rules (see Item 2).

²⁵ Please also see Chapter III.E for an explanation of what constitutes public offers in Singapore.

²⁶ OPERA is also available at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>

Figure 2.2: Offers and Prospectuses Electronic Repository and Access Homepage

The screenshot shows the OPERA homepage with the following elements:

- Logos:** MAS Monetary Authority of Singapore and Singapore Government (Integrity · Service · Excellence).
- Navigation:** HOME, ABOUT OPERA, OFFERS, BUSINESS TRUSTS E-SERVICES, TAKE-OVERS & MERGERS, FORMS, FAQ.
- Main Content:** A large banner image of Singapore's skyline. Below it are six service categories, each with a "Click here" button:
 - Offers of Shares
 - Offers of Debentures
 - Offers of Business Trusts
 - Offers of CIS
 - Take-overs & Mergers
 - Registered Business Trusts
- Announcements:**
 - 19 June 2015 Announcement - Singpass Scheduled Maintenance:** The Singpass site will not be available from 10pm on 20 June 2015 (Saturday) to 10am on 21 June 2015 (Sunday) (GMT +8) due to a scheduled maintenance. Please note that you will not be able to log into your OPERA account during the maintenance period.
 - 9 February 2015 Announcement - Implementation of Two Factor Authentication ("2FA") for access to OPERA:** On 26 January 2015, we commenced a trial for users to use 2FA to access OPERA. The second factor authentication is a one-time pin to be generated by hardware token. The trial period ends on 29 March 2015 at 0030 hours. During this trial period, users have the option to use 2FA, in addition to SingPass, to access OPERA. After 0030 hours on 29 March 2015 (when 2FA 'goes live'), it will be mandatory for users.
- Log in to OPERA:** A button labeled "LOGIN HERE with your SingPass" with a play icon.
- Quick Links:**
 - Offers of Shares
 - Offers of Debentures
 - Offers of Business Trusts
 - Offers of CIS
 - Take-overs & Mergers
 - Registered Business Trusts
 - User Guide
- Operating Hours:** OPERA is available from Mondays to Saturdays except between 4am and 6am Singapore Time (GMT +8).

Source: Monetary Authority of Singapore. OPERA. <https://opera.mas.gov.sg/ExtPortal/>

2. Debt Securities Listed on the Singapore Exchange Ltd.

To assure a fair and efficient market for the trading of securities, SGX requires that issuers listed on its market segments disseminate all material information on a timely basis. This requirement enables informed decision-making and avoids information asymmetry in the marketplace. Section 203 of the SFA creates a statutory obligation on an issuer and others to comply with SGX continuing disclosure requirements. These requirements apply regardless of whether the issuance of securities was done through a public offer or a private placement.

Part VI of Chapter 7 of the SGX Listing Manual sets out continuing listing obligations in relation to debt securities. Listing Rule 745 states that a debt issuer must disclose to the exchange, through SGXNet, any information that may have material effect on the price or value of its debt securities, or on an investor's decision whether to trade in such debt securities. Furthermore, Listing Rule 746 requires a debt issuer to provide SGX with its published annual report as soon as it is issued. Listing Rule 747 also requires a debt issuer to announce any redemption or cancellation of debt securities, the details of interest payments to be made, amendments to the trust deed, and any appointment of a replacement trustee, if so applicable.

Apart from continuing obligations set out in Chapter 7 of the SGX Listing Rules, listed entities are subject to additional continuing requirements for those activities that require the voting of shareholders on material decisions relating to the issuers, such as interested person transactions, material acquisitions, reverse takeovers, transfer of controlling interest, and scheme of arrangements.

SGX accepts electronic copies of offering documents and annual reports to be uploaded to the SGX Company Disclosure web page, which also makes such issuance documentation and disclosure information publicly available for easy reference by investors.²⁷ No user registration is required to access such information, which can be retrieved by company name or type of document.

3. Private Placements

The key disclosure document for a bond or note issued to Accredited Investors or Institutional Investors, including those issued through a private placement, is the Information Memorandum or Offering Memorandum, which contains provisions agreed among parties involved—including the issuer (lead arranger), underwriter(s), investors, and other intermediaries—on terms and conditions, governing law and jurisdiction, as well as relevant supporting documentation and disclosure items.

Continuous disclosure follows the listing obligations under the SGX Listing Rules, if such bond or note is listed, and may also depend on specific conditions set in the Information Memorandum or Offering Memorandum, and may be based on market expectations among investors. In the Singapore market, it is customary for the issuers of wholesale bonds to provide updated audited financial statements to the Accredited Investors or Institutional Investors on an annual basis.

Once debt securities issued to Accredited Investors or Institutional Investors via a private placement are listed for profiling on the SGX Wholesale Bonds Market, the continuous disclosure requirements will need to follow the requirements set out in the SGX Listing Rules (see under 2 above).

H. Self-Regulatory Organizations in the Singapore Market

At the present time, the only SRO with relevance for the bond market is SGX.

²⁷ See http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/prospectus_circulars

1. Singapore Exchange Ltd.

Being a listed exchange and a frontline regulator, SGX is considered an SRO. SGX bears commercial responsibilities in addition to its regulatory duties. While this dual role may present conflicts, SGX has established a framework to manage such conflicts.

a. Regulatory Functions

SGX undertakes various regulatory functions to promote a fair, orderly, and transparent marketplace, as well as a safe and efficient clearing system. At the same time, the regulatory functions also contain the supervision and administration of its members, in the context of SGX's role as an SRO. The regulatory functions are handled by the following regulatory departments:

- (i) Listing Policy and Product Admission,
- (ii) IPO Admission,
- (iii) Member Supervision,
- (iv) Market Surveillance and Enforcement,
- (v) Listing Compliance, and
- (vi) Regulatory Development and Policy.

b. Membership

SGX is responsible for ensuring that only well-qualified participants are admitted as members and engages in compliance visits and inspections of its members on an ongoing basis to check that they are financially sound.²⁸

SGX offers a number of securities market (in addition to derivatives market) membership categories to its participants:

1. Trading Member

Market participants who choose to offer specialist execution-only services can become a Trading Member. Each Trading Member must be qualified by a member of CDP at all times. Minimum base capital requirements apply. Trading members must hold a CMS licence if they are operating within Singapore.

2. Remote Trading Member

For Trading Members applying as a Remote Trading Member, the Trading Member must comply with SGX capital and financial requirements and be appropriately licensed in its home jurisdiction. Remote Trading Members cannot deal on behalf of investors based in Singapore.

3. Clearing Member

Members of CDP have clearing rights (Clearing Member) and their role is to act as third-party clearers for Trading Members and for themselves if they also have trading rights. Custodian banks, for example, could be potential

²⁸ This information has been adapted with minor edits by ADB Consultants for SF1 from SGX. Members and Admission. <http://www.sgx.com>

members of CDP, providing third-party clearing services. Clearing Members must hold a CMS licence and minimum capital requirements apply.

4. Depository Agent

Members of the CDP depository (Depository Agents) may act as custodians offering depository services on SGX-ST Securities. The entry criteria of a Depository Agent are that it must be either a Trading or Clearing Member, a licensed trust company, or a bank.

Market participants may also opt to be both Trading Members and Clearing Members. Each applicant for membership will be rigorously examined for its financial, operational, and compliance quality. Key areas include

- minimum capital and financial requirements;
- adequacy of systems for preserving a sound liquidity and financial position;
- segregated and adequate back-office functions;
- fit and proper staff with high standards of integrity and deep knowledge of the nature, risks, and obligations of the applicant's proposed business in SGX markets; and
- credit rating (applicable only to bank applicants).

For further details on the membership criteria, please refer to the relevant SGX-ST and CDP Rules, available on the SGX website.

As of March 2016, SGX had 26 Trading Members and 25 Clearing Members. The list of all members is accessible on the SGX website.²⁹

More information on SGX and its trading and listing boards with a focus on the bond market can be found in other sections in Chapters II, III, and IV in this bond market guide that deal with listing and trading of, and reporting on, debt securities.

For details on some of the listing and trading rules underlying regulations, as well as trading and disclosure rules set, particularly by SGX, please refer to Chapter II.J below.

I. Registration and Licensing of Market Participants

The registration and licensing of participants in the bond market falls under the sole purview of MAS. In principle, market participants involved in the types of activities regulated under the SFA will need to obtain the requisite license under the SFA, unless specifically exempted. Regulated activities are listed in the Second Schedule to the SFA, as follows:

- (i) dealing in securities,
- (ii) trading in futures contracts,
- (iii) leveraged foreign exchange trading,
- (iv) advising on corporate finance,
- (v) fund management,
- (vi) REIT management,
- (vii) securities financing,

²⁹ See http://www.sgx.com/wps/portal/sgxweb/home/regulation/members/members_firm_list

- (viii) providing custodial services for securities, and
- (ix) providing credit rating services.

Under Paragraph 2 of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations, financial institutions in Singapore may participate in the bond market (e.g., as custodian or intermediary for its customers) without the need to obtain a license under the SFA. They are referred to in the market as “exempt dealers.”

For the easy reference of interested parties, MAS has published Frequently Asked Questions on the Securities and Futures (Licensing and Conduct of Business) Regulations, which are updated from time to time. (The last version was updated on 1 April 2014.)³⁰

1. Capital Market Services Licence

Market participants that carry out activities regulated under the SFA, including the dealing or trading in debt securities, are required to apply for a CMS licence from MAS. A CMS licence is granted only to a corporation and is specific to the activities an institution wishes to conduct at the time of application only.

Banks may participate in the bond market without the need to obtain a CMS licence, as mentioned above.

Eligibility criteria are laid out in MAS’ Guidelines on Criteria for the Grant of a Capital Markets Services Licence (Guideline No. SFA04-G01). In assessing an application for a CMS licence, MAS takes into consideration the following factors, among others

- (i) track record, management expertise, and financial soundness of the applicant and its parent company or major shareholders;
- (ii) ability to meet the minimum financial requirements prescribed under the SFA;
- (iii) strength of internal compliance systems;
- (iv) business plans and projections; and
- (v) fitness and propriety.

With respect to factor (e) above, the applicant shall satisfy MAS that

- (i) it is a fit and proper person to be licensed;
- (ii) all of its directors and chief executive officer are fit and proper persons to hold the office; and
- (iii) all of its substantial shareholders and representatives are fit and proper persons.

A holder of a CMS licence has to pay an annual licensing fee but there is no need to apply to MAS to renew annually.

2. Representative Notification Framework

Individuals who wish to conduct regulated activities on behalf of a holder of a CMS licence or a financial institution exempted from licensing under Section 99(1)(a) to (d) of the SFA are required to be appointed as representatives under the Representative Notification Framework.

³⁰ See <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/faqs/2014/faqs-on-lcb.aspx>

As part of the notification, financial institutions are required to certify that the representatives whom they intend to appoint are fit and proper and meet the competency, financial soundness, and integrity standards required. Applicants must satisfy the minimum academic qualification and examination requirements as prescribed in the Notice on Minimum Entry and Examination Requirements for Representatives of Holders of a CMS licence and Exempt Financial Institutions under the SFA (Notice No. SFA 04-N09).

Once a notification has been processed, the name of the proposed representative will be published in the MAS Register of Representatives, a public register, on the MAS website.³¹ Besides the name of the representative, the regulated activities which the representative is allowed to conduct, the principal companies which the representative has worked for within the past 3 years and any formal regulatory action taken by MAS against the representative, would be displayed on the register.

While there is no need for a representative of a CMS licence holder to renew its license, the representative has to pay annual fees to maintain their notified statuses.

3. Participation on the Singapore Exchange Ltd.

In contrast, SGX regulates the membership and participation of institutions in its markets and prescribes their duties and activities for such purposes only. Members and participants must obtain an appropriate CMS licence prior to commencing trading activities on SGX markets.

For SGX membership categories and their roles, please refer to section H.

J. Trading Rules and Conventions

Trading of debt securities in the Singapore market is conducted either OTC or on exchange. SGX sets the rules and conventions for trading of retail bonds and SGS bonds on its securities market. There is no specific body, SRO, or market association that defines detailed trading rules and conventions for the OTC market in Singapore, resulting in differing practices in the OTC market. For details on the SGX-ST Rules, please see the next section.

Detailed trading rules and conventions for the SGS market can be found in the Rules and Market Practices of the Singapore Government Securities Market.³²

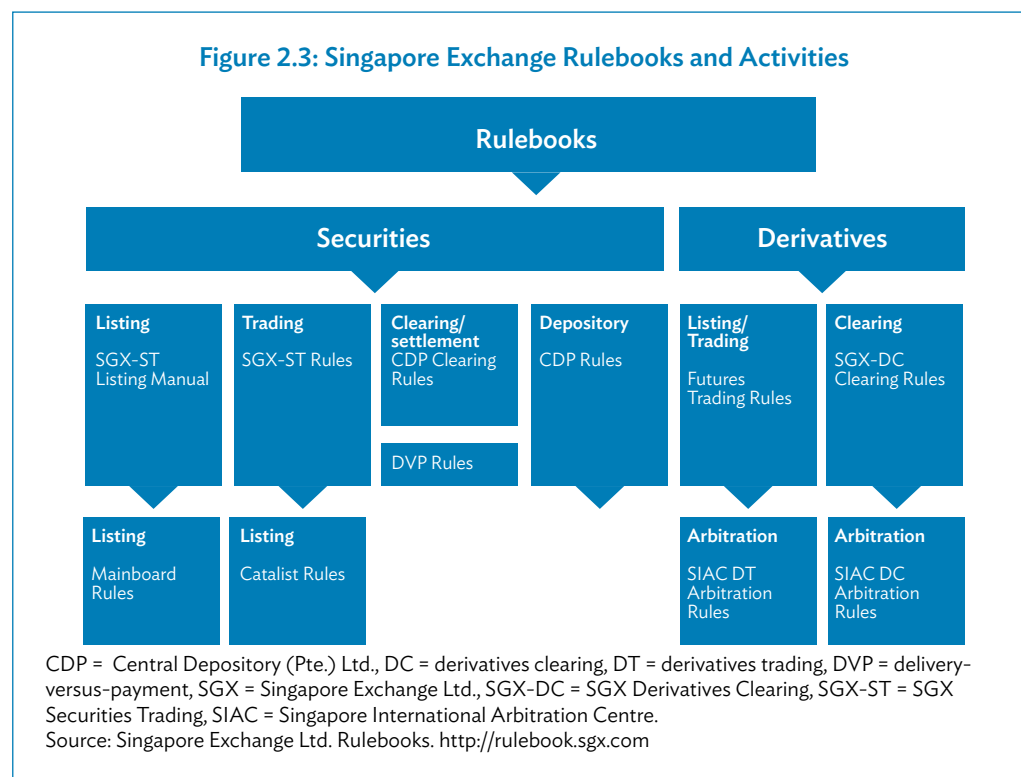
K. Singapore Exchange Rules Related to Bond Listing, Disclosure, and Trading

SGX governs its markets and divisions, and participant trading and clearing members and their activities, through the seven SGX Rulebooks. These Rulebooks contain the various rules governing the listing (and related disclosure), clearing, trading, and depository services that the industry needs to comply with. The Rulebooks are often updated and revised to keep pace with market developments.

³¹ Available on a separate MAS website at <https://masnetvc2.mas.gov.sg/drr/rr.do>

³² See <http://www.sgs.gov.sg/Publications/Market-Practices.aspx>

Figure 2.3 best demonstrates the relationship between the SGX Rulebooks and the activities undertaken by SGX.



In the context of the Singapore bond market, all SGX Rulebooks under the header “Securities” are relevant, with the exception of the Catalist Rules, since debt securities may be listed, traded, cleared, and settled on SGX and CDP, respectively.³³

If issuers of or investors in debt securities wish to avail themselves of interest rate hedging tools traded on SGX, additional Rulebooks under the header “Derivatives” would also apply, as may be necessary.

In addition to the Rulebooks, SGX deploys the following documents to communicate with its participants and members:

- **Directives.** Directives are binding notices directing members to take corrective or other actions in the interests of a fair and orderly market or in light of investor protection concerns.
- **Practice Notes.** Practice Notes are nonbinding guidelines that seek to explain the application and interpretation of a rule.
- **Circulars.** Circulars are binding notices issued by SGX regarding regulatory and nonregulatory matters pertaining to the market.

³³ Interest parties may visit <http://rulebook.sgx.com> to click on the relevant Rulebook in the diagram to be guided to the actual Rulebook text.

Specifically, SGX sets rules and regulations with regard to the following segments in the bond market in Singapore:

a. Singapore Exchange Ltd. Securities Market

i. Listing and Disclosure

The SGX-ST Listing Manual, in its latest version, governs the eligibility criteria, and listing process and practices for the wholesale and retail debt securities listed on SGX.

ii. Trading

In its SGX-ST Rules, SGX defines the rules and sets market conventions for its members and participants, with regard to trading hours, the quoting and trading of debt securities including board lots and minimum bid sizes for the trading of debt securities. SGX also details clearing and settlement fee practices and specifies certain trading safeguards in the interest of a safe and sound bond market.

b. Wholesale Bonds (Profile Listing)

The Wholesale Bonds segment on SGX facilitates the profile listing of debt securities aimed at Accredited and Institutional Investors (professional investors under the SFA).

Chapter 3 of the SGX Listing Manual covers the listing of debt securities. Part VI of Chapter 7 of the SGX Listing Rulebook contains the provisions for continuing listing obligations related to the listing of debt securities.³⁴ SGX-ST Rules contain the applicable provisions for debt securities trading and related market conventions.

For further details on the individual SGX market segments for the listing and trading of debt securities mentioned above, please refer to Chapters III and IV, respectively.

L. Market Entry Requirements (Nonresidents)

1. Nonresident Issuers

There are no specific market entry requirements for nonresident issuers in the Singapore bond market. There is no quota for the issuance of Singapore dollar or foreign currency debt instruments by a nonresident issuer.

Foreign issuers may issue debt securities denominated in Singapore dollars or foreign currency, subject to lodging and registering a prospectus with MAS, as necessary (see section F in this chapter).

³⁴ A public consultation began in December 2014. If the proposals are implemented, the continuing listing obligations in Part VI of Chapter 7 of the SGX Listing Manual will be moved to a new part in Chapter 3.

Unrated foreign entities may still offer bonds or notes to retail investors, as long as the prospectus requirements have been complied with. At the same time, agent banks may only place or sell SGD-denominated bonds issued by an unrated foreign entity to Accredited or Institutional Investors.

The proceeds raised from an issuance may be used either in Singapore or overseas. In this regard, nonresident financial institutions, as issuers and domestic financial institutions acting as their agents, need to observe MAS Notice 757 (see section M below). There is no restriction for foreign issuers to open and maintain Singapore dollar or foreign currency accounts with financial institutions based in Singapore.

Foreign issuers can avail themselves of foreign exchange and hedging instruments to manage interest rate exposure arising from the bond or note issuance with financial institutions in Singapore or overseas. According to the 2013 Triennial Bank for International Settlements survey, Singapore was ranked the largest OTC interest rate derivatives center in Asia and the Pacific (excluding Japan) by turnover.

2. Foreign Investors

There are no market entry requirements, such as a prior registration, for foreign market participants to enable them to commence investing or trading in the Singapore bond market.

Foreign investors are free to invest in Singapore in any form including the purchase of debt securities denominated in Singapore dollars, offshore Chinese renminbi, or other foreign currencies.

M. Market Exit Requirements (Nonresidents)

1. Foreign Issuers

There are no specific market exit requirements for foreign issuers.

2. Foreign Investors

There are no specific market exit requirements for foreign investors.

There are no restrictions for foreign investors to repatriate funds from divestment or redemption of Singapore dollar, offshore Chinese renminbi, or other foreign currency assets or interest arising from the investments.

N. Regulations and Limitations (Nonresidents)

Singapore has a leading position as an international financial center and a major treasury center in the region. Consequently, there are principally no limitations for nonresidents on their activities in the Singapore market.

However, reference is again made to MAS Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions), which has been in force since 29 May 2004.³⁵

MAS Notice 757 does not actually limit the lending to nonresident financial institutions. In fact, banks may lend to nonresident financial institutions for any purpose in Singapore or elsewhere, without restriction, up to SGD5 million. Only if the amount exceeds SGD5 million and the proceeds are to be used outside of Singapore, must the proceeds be swapped or converted to foreign currency before remittance out of Singapore.

In the context of the domestic bond market, this also applies to the issuance of SGD-denominated bonds or notes by a nonresident financial institution as issuer, and the placement of such issues with domestic banks as underwriters or investors.

At the same time, MAS Notice 757 also permits the temporary extension of SGD overdraft facilities of any amount for the purpose of preventing settlement failures. Any such overdrafts would have to be covered within 2 business days.

O. Regulations on Credit Rating Agencies

MAS implemented a regulatory framework for credit rating agencies (CRAs) with effect from 17 January 2012. MAS had previously issued a consultation paper on the proposed CRA regulatory framework in March 2011, and conducted discussions with the industry and market practitioners. The framework applies as long as the preparation for a credit rating is carried out at least partly in Singapore.

Under the new CRA regulatory framework, the provision of credit rating services will be regulated under the SFA. CRAs consequently have to be licensed through the licensing regime under the SFA and are subject to licensing obligations. CRAs are required to comply with existing regulations, guidelines, and notices under the SFA that apply to all CMS licencees. In addition, CRAs also have to comply with the new Code of Conduct for Credit Rating Agencies, which MAS introduced in January 2012 pursuant to section 321 of the SFA.³⁶

MAS also requires CMS licencees providing credit rating services to appoint and register under the Representative Notification Framework any individual who acts as their representative in providing credit rating services. Representatives providing credit rating services are required to hold at minimum a bachelor's degree in a relevant discipline that will allow them to perform the job function effectively.

Under Provision 10.4 of the Code of Conduct for Credit Rating Agencies, CRAs operating in Singapore need to disclose specific information on an annual basis, such as its legal structure, ownership, and financial information about its revenue.

³⁵ See http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/commercial-banks/notices/2004/notice-757--lending-of-singapore-dollar-to-non_resident-financial-institutions.aspx

³⁶ Available at <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Funds-Management/Codes/2012/Code-on-Credit-Rating-Agencies.aspx>

At present, four CRAs are incorporated and operating in Singapore, are holders of CMS licences in respect of providing credit rating services, and have adopted the MAS code:

- A.M. Best-Asia Pacific (Singapore)
- Fitch Ratings Singapore
- Moody's Investors Service Singapore
- Standard & Poor's Singapore

For cross-border CRAs, MAS has signed a memorandum of understanding with the European Securities and Markets Authority on the supervision of cross-border CRAs.

For the actual credit rating requirements in Singapore, and the application of such credit ratings in the issuance or listing process of bonds and notes, please refer to Chapter III.O.