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SECURITIES AND FUTURES ACT (CHAPTER 289)

SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (COLLECTIVE INVESTMENT SCHEMES) (AMENDMENT NO. 2) REGULATIONS 2020

In exercise of the powers conferred by sections 337 and 341 of the Securities and Futures Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations are the Securities and Futures (Offers of Investments) (Collective Investment Schemes) (Amendment No. 2) Regulations 2020 and come into operation on 16 March 2020.

Deletion and substitution of heading to Part II

2. Part II of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 (G.N. No. S 602/2005) (called in these Regulations the principal Regulations) is amended by deleting the Part heading and substituting the following Part heading:

“AUTHORISATION AND RECOGNITION OF
COLLECTIVE INVESTMENT SCHEMES,
APPROVAL OF TRUSTEES AND
REQUIREMENTS FOR APPROVED TRUSTEES”.

New Division 2A of Part II

3. Part II of the principal Regulations is amended by inserting, immediately after regulation 7, the following Division:

“Division 2A — Requirements for custodians of non-umbrella VCCs or sub-funds of umbrella VCCs

Operational requirements for custodian of non-umbrella VCC

7A.—(1) An approved trustee that is a custodian of a collective investment scheme constituted as a non-umbrella VCC must —

- (a) if, in the course of discharging the functions or duties of such custodian, it becomes aware that the non-umbrella VCC or its manager has contravened, in relation to the scheme, any legal or regulatory requirement applicable to the non-umbrella VCC or the manager, inform the Authority of the contravention no later than 3 business days after it becomes so aware;
- (b) ensure the safekeeping of all the property of the non-umbrella VCC in the following ways:
 - (i) in a case where any property of the non-umbrella VCC is capable of being held in custody by the approved trustee as custodian — hold the property, including by means of taking delivery of the property or the documents of title in respect of the property;
 - (ii) in any case — take appropriate measures to satisfy itself that each property purportedly owned by the non-umbrella VCC is in fact the property of the non-umbrella VCC, and record the measures taken;
- (c) maintain proper and up-to-date records of all the property of the non-umbrella VCC, and perform regular reconciliation of the records; and
- (d) ensure that the property (including the documents of title in respect of the property) of the non-umbrella VCC is kept distinct from —

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- (i) that of the approved trustee;
 - (ii) that of the manager of the non-umbrella VCC;
and
 - (iii) that held by the approved trustee on behalf of
any other person.

(2) Despite paragraph (1)(d)(iii) but subject to paragraph (1)(c), where the approved trustee maintains a custody account in which it deposits any property that it holds on behalf of any other person, the property of the non-umbrella VCC may be deposited in the custody account together with such other property.

Operational requirements for custodian of sub-fund of umbrella VCC

7B.—(1) An approved trustee that is a custodian of a collective investment scheme constituted as a sub-fund of an umbrella VCC must —

- (a) if, in the course of discharging the functions or duties of such custodian, it becomes aware that the umbrella VCC or its manager has contravened, in relation to the scheme, any legal or regulatory requirement applicable to the umbrella VCC or the manager, inform the Authority of the contravention no later than 3 business days after it becomes so aware;
- (b) ensure the safekeeping of all the property of the umbrella VCC held on account of the sub-fund (called in this regulation the sub-fund's property) in the following ways:
 - (i) in a case where any sub-fund's property is capable of being held in custody by the approved trustee as custodian — hold the property, including by means of taking delivery of the property or the documents of title in respect of the property;

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- (ii) in any case — take appropriate measures to satisfy itself that each property purportedly a sub-fund’s property is in fact the sub-fund’s property, and record the measures taken;
 - (c) maintain proper and up-to-date records of all the sub-fund’s property, and perform regular reconciliation of the records; and
 - (d) ensure that the sub-fund’s property (including the documents of title in respect of the property) is kept distinct from —
 - (i) that of the umbrella VCC that is not held on account of the sub-fund;
 - (ii) that of the approved trustee;
 - (iii) that of the manager of the umbrella VCC; and
 - (iv) that held by the approved trustee on behalf of any person.
- (2) Despite paragraph (1)(d)(i) and (iv) but subject to paragraph (1)(c), where the approved trustee maintains a custody account in which it deposits —
- (a) any property that it holds on behalf of any person; or
 - (b) any property of the umbrella VCC that is not held on account of the sub-fund,

the sub-fund’s property may be deposited in the custody account together with such other property.”.

Amendment of regulation 8

4. Regulation 8(4) of the principal Regulations is amended —

(a) by deleting sub-paragraph (a) and substituting the following sub-paragraph:

“(a) the scheme is an arrangement —

- (i) under which units that are issued are exclusively or primarily

non-redeemable at the election of the holder of the units; and

(ii) that is mentioned in paragraph (a), (aa) or (b) of the definition of “closed-end fund” in section 2(1) of the Act;”;

(b) by deleting the word “manager” wherever it appears in sub-paragraph (d) and substituting in each case the words “responsible person”; and

(c) by inserting, immediately after the words “trading for” in sub-paragraph (d)(i), the words “at least”.

New Division 3A of Part II

5. Part II of the principal Regulations is amended by inserting, immediately after regulation 10, the following Division:

“Division 3A — Requirements of constitution or contractual arrangements in respect of collective investment scheme constituted as non-umbrella VCC or sub-fund of umbrella VCC

Provisions to be included in constitution where collective investment scheme is constituted as non-umbrella VCC

10AA.—(1) Where a collective investment scheme (called in this regulation the scheme) is constituted as a non-umbrella VCC, the prescribed requirements in relation to the constitution of the non-umbrella VCC under section 286(2A)(c) of the Act are that the constitution must —

(a) subject to paragraph (3), contain the provisions set out in paragraph (2); and

(b) contain the additional provisions set out in paragraph (4).

(2) For the purposes of paragraph (1)(a), the constitution must contain provisions that bind the non-umbrella VCC —

(a) to issue, redeem or repurchase units in the scheme at a price equal to the proportion of the net asset value of

the non-umbrella VCC represented by each unit, in accordance with the Code on Collective Investment Schemes, after adding or subtracting (as the case may be) any fees and charges in accordance with the constitution;

- (b) at the request of a participant of the scheme, to purchase from the participant units in the scheme that the participant has subscribed for or acquired;
- (c) to prepare or cause to be prepared —
 - (i) semi-annual accounts and annual accounts relating to the scheme in the language of the prospectus; and
 - (ii) semi-annual reports and annual reports relating to the scheme in the language of the prospectus,in accordance with the Code on Collective Investment Schemes; and
- (d) to entrust all the property of the scheme to an approved trustee that is the custodian of the scheme for safekeeping in accordance with the requirements mentioned in regulation 7A(1).

(3) The constitution of the non-umbrella VCC may exclude the provision mentioned in paragraph (2)(b) if —

- (a) the scheme is an arrangement —
 - (i) under which units that are issued are exclusively or primarily non-redeemable at the election of the holders of the units; and
 - (ii) that is mentioned in paragraph (aa) or (b) of the definition of “closed-end fund” in section 2(1) of the Act;
- (b) the units of the scheme the offer of which requires a prospectus are listed for quotation on an approved exchange within 30 days after the prospectus is registered by the Authority;

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- (c) the advertising and marketing materials (including the prospectus mentioned in sub-paragraph (b)) in relation to the scheme contain the following:
- (i) a statement to the effect that a participant in the scheme has no right to request the non-umbrella VCC to redeem or purchase any of the participant's units in the scheme for the period in which the units in the scheme are listed for quotation on an approved exchange;
 - (ii) a warning to any prospective investor that the listing for quotation of the units in the scheme on an approved exchange does not guarantee a liquid market for the units; and
- (d) the constitution contains provisions that bind the responsible person for the scheme to offer to purchase the participants' units in the scheme, in accordance with the provisions of the constitution and the requirements set out in the Second Schedule, if the units in the scheme —
- (i) are suspended from trading for at least 60 calendar days on all approved exchanges on which the units have been listed for quotation; or
 - (ii) cease to be listed for quotation on all approved exchanges on which the units have been listed for quotation.
- (4) The provisions mentioned in paragraph (1)(b) are —
- (a) provisions setting out the following particulars:
- (i) the structure of the scheme;
 - (ii) the nature of the units in the scheme;
 - (iii) the investment objectives of the scheme;
 - (iv) the types of authorised investments and investment restrictions applicable to the scheme, including those that are applicable by

virtue of the Code on Collective Investment Schemes;

- (b) provisions setting out the precise information as to the circumstances in which the money, securities, securities-based derivatives, units in a collective investment scheme, investments and other property attributable to the scheme are or are to be vested in the custodian;
- (c) provisions for and specifying full particulars with respect to —
 - (i) the retirement, removal and replacement of a director of the non-umbrella VCC;
 - (ii) the retirement, removal and replacement of the manager of the non-umbrella VCC;
 - (iii) the retirement, removal and replacement of the custodian of the non-umbrella VCC; and
 - (iv) the duration (if ascertainable) of the scheme or, if the duration is not ascertainable, a statement of that fact;
- (d) where the scheme invests in property that tends to depreciate in value through use or effluxion of time and —
 - (i) if provision is made or to be made for the replacement of the property — provisions regarding particulars of such provision and each source from which the replacement is to be made or the cost of the replacement is to be met; or
 - (ii) if no provision is made or is to be made — a statement of that fact;
- (e) provisions specifying full particulars of —
 - (i) the method of determining the price at which a unit in the scheme issued by the non-umbrella VCC may be sold by its manager;

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- (ii) the circumstances in which the non-umbrella VCC or any other person may be required to purchase from a participant of the scheme any unit subscribed for or acquired by the participant;
 - (iii) the method of valuation of any investment comprised in the scheme and the time of day when valuation is to be made;
 - (iv) the circumstances in which, and the methods by which, all or any of the investments or other property comprising or forming part of the scheme may be varied;
 - (v) the conditions governing the transfer of units in the scheme;
 - (vi) the conditions governing the distribution of income to the participants of the scheme; and
 - (vii) any fees or charges payable by the scheme or participants of the scheme;
- (f) provisions requiring the prior approval of the directors of the non-umbrella VCC for any change to the particulars to which sub-paragraph (e)(i), (ii) and (iii) relates, and requiring the directors to determine if the participants of the scheme should be informed of such changes;
- (g) provisions relating to the convening of meetings of the participants of the scheme;
- (h) provisions incorporating, whether by way of annex or otherwise, the terms and form of any agreement which the non-umbrella VCC requires, or confers a right on, the participants of the scheme to enter into in connection with the scheme;
- (i) provisions relating to details of the scheme's borrowing limits and borrowing powers, including stock borrowings;

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- (j) provisions specifying the party to whom interest on monies held by the manager or custodian of the scheme pending payment to the non-umbrella VCC should accrue;
 - (k) where applicable, provisions regarding a regular savings plan incorporated into the scheme or enabling such a plan to be incorporated; and
 - (l) where the constitution is capable of modification, provisions relating to the modification of the constitution.

(5) In this regulation, “accounts” has the meaning given by section 2(1) of the Variable Capital Companies Act 2018 (Act 44 of 2018).

Provisions to be included in constitution where collective investment scheme is constituted as sub-fund of umbrella VCC

10AB.—(1) Where a collective investment scheme (called in this regulation the scheme) is constituted as a sub-fund of an umbrella VCC, the prescribed requirements in relation to the constitution of the umbrella VCC in respect of that scheme under section 286(2A)(c) of the Act are that the constitution must —

- (a) subject to paragraph (3), contain the provisions set out in paragraph (2); and
- (b) contain the provisions set out in regulation 10AA(4), subject to the following modifications:
 - (i) a reference in a provision to the collective investment scheme constituted as a non-umbrella VCC is to the scheme;
 - (ii) a reference in a provision to the non-umbrella VCC is to an umbrella VCC;
 - (iii) a reference in a provision to a unit is to a unit of the scheme;

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- (iv) a reference in a provision to an investment by a scheme is to an investment by the umbrella VCC on account of the scheme;
 - (v) a reference in a provision to the borrowing limits and borrowing powers of a scheme is to the borrowing limits and borrowing powers of the umbrella VCC on account of the scheme.

(2) For the purposes of paragraph (1)(a), the constitution must contain provisions that bind the umbrella VCC —

- (a) to issue, redeem or repurchase units in the scheme at a price equal to the proportion of the net asset value of the sub-fund represented by each unit, in accordance with the Code on Collective Investment Schemes, after adding or subtracting (as the case may be) any fees and charges in accordance with the constitution;
- (b) at the request of a participant of the scheme, to purchase from the participant units in the scheme that the participant has subscribed for or acquired;
- (c) to prepare or cause to be prepared —
 - (i) semi-annual accounts and annual accounts relating to the scheme in the language of the prospectus; and
 - (ii) semi-annual reports and annual reports relating to the scheme in the language of the prospectus, in accordance with the Code on Collective Investment Schemes; and
- (d) to entrust all the property of the scheme to an approved trustee that is the custodian of the scheme for safekeeping in accordance with the requirements mentioned in regulation 7B(1).

(3) The constitution of the umbrella VCC may exclude the provision mentioned in paragraph (2)(b) if —

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- (a) the scheme is an arrangement —
- (i) under which units that are issued are exclusively or primarily non-redeemable at the election of the holders of the units; and
 - (ii) that is mentioned in paragraph (aa) or (b) of the definition of “closed-end fund” in section 2(1) of the Act;
- (b) the units of the scheme the offer of which requires a prospectus are listed for quotation on an approved exchange within 30 days after the prospectus is registered by the Authority;
- (c) the advertising and marketing materials (including the prospectus mentioned in sub-paragraph (b)) in relation to the scheme contain the following:
- (i) a statement to the effect that a participant in the scheme has no right to request the umbrella VCC to redeem or purchase, on account of the scheme, any of the participant’s units in the scheme for the period in which the units in the scheme are listed for quotation on an approved exchange;
 - (ii) a warning to any prospective investor that the listing for quotation of the units in the scheme on an approved exchange does not guarantee a liquid market for the units; and
- (d) the constitution contains provisions that bind the responsible person for the scheme to offer to purchase the participants’ units in the scheme, in accordance with the provisions of the constitution and the requirements set out in the Second Schedule, if the units in the scheme —
- (i) are suspended from trading for at least 60 calendar days on all approved exchanges on which the units are listed for quotation; or

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- (ii) cease to be listed for quotation on all approved exchanges.

(4) In this regulation, “accounts” has the meaning given by section 2(1) of the Variable Capital Companies Act 2018.

Prescribed requirements for contractual arrangements where collective investment scheme is constituted as non-umbrella VCC

10AC. Where a collective investment scheme (called in this regulation the scheme) is constituted as a non-umbrella VCC, the prescribed requirements in relation to the contractual arrangements in respect of the scheme for the purposes of section 286(2A)(c) of the Act are that —

- (a) the contractual arrangement between the non-umbrella VCC and its directors contains provisions that bind the directors to exercise all due diligence and vigilance in carrying out the directors’ functions and duties in respect of the scheme and in safeguarding the rights and interests of the participants of the scheme;
- (b) the contractual arrangement between the non-umbrella VCC and its manager contains provisions that —
 - (i) bind the manager to use the manager’s best endeavours to —
 - (A) carry on and conduct the business of the non-umbrella VCC in a proper and efficient manner; and
 - (B) ensure that the scheme is carried on and conducted in a proper and efficient manner;
 - (ii) bind the manager to pay to the non-umbrella VCC within 5 business days after the receipt by the manager of any money that, under the

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- constitution or the contractual arrangement, is payable by the manager;
- (iii) specify full particulars with respect to the retirement, removal and replacement of the manager;
 - (iv) specify full particulars of the remuneration of the manager and the manner in which the remuneration is to be paid; and
 - (v) specify the party to whom interest on monies held by the manager pending payment to the non-umbrella VCC is to accrue; and
- (c) the contractual arrangement between the non-umbrella VCC and the custodian of the scheme must contain provisions that —
- (i) set out the duties of the custodian to the participants of the scheme, and information as to the circumstances in which the money, securities, securities-based derivatives, units in a collective investment scheme, investments and other property attributable to the scheme are or are to be vested in the custodian;
 - (ii) bind the custodian to pay to the non-umbrella VCC within 5 business days after the receipt by the custodian of any money that, under the constitution or the contractual arrangement, is payable by the custodian to the non-umbrella VCC;
 - (iii) specify full particulars with respect to the retirement, removal and replacement of the custodian; and
 - (iv) specify full particulars of the remuneration of the custodian and the manner in which the remuneration is to be paid.

Prescribed requirements for contractual arrangements where collective investment scheme is constituted as sub-fund of umbrella VCC

10AD. Where a collective investment scheme (called in this regulation the scheme) is constituted as a sub-fund of an umbrella VCC, the prescribed requirements in relation to the contractual arrangements in respect of the scheme for the purposes of section 286(2A)(c) of the Act are that —

- (a) the contractual arrangements between the umbrella VCC and its directors must contain provisions that bind the directors to exercise all due diligence and vigilance in carrying out the directors' functions and duties in respect of the scheme and in safeguarding the rights and interests of the participants of the scheme;
- (b) the contractual arrangement between the umbrella VCC and its manager must contain the provisions mentioned in regulation 10AC(b)(i), (ii), (iii), (iv) and (v), modified in the following manner:
 - (i) a reference to the non-umbrella VCC is to the umbrella VCC;
 - (ii) a reference in regulation 10AC(b)(i)(A) to the business of the non-umbrella VCC is to the business of the umbrella VCC for the purpose of the scheme;
 - (iii) a reference in regulation 10AC(b)(i)(B) to the collective investment scheme constituted as a non-umbrella VCC is to the scheme; and
- (c) the contractual arrangement between the umbrella VCC and the custodian of the scheme must contain the provisions mentioned in regulation 10AC(c)(i), (ii), (iii) and (iv), modified in the following manner:
 - (i) a reference to the non-umbrella VCC is to the umbrella VCC;

- (ii) a reference to the collective investment scheme constituted as a non-umbrella VCC is to the scheme.”.

Deletion of regulation 21

- 6. Regulation 21 of the principal Regulations is deleted.

Deletion of regulation 40

- 7. Regulation 40 of the principal Regulations is deleted.

Amendment of Second Schedule

- 8. The Second Schedule to the principal Regulations is amended —

- (a) by deleting the Schedule reference and substituting the following Schedule reference:

“Regulations 8(4)(d), 10AA(3)(d) and 10AB(3)(d)”;

- (b) by deleting the word “MANAGER” in the Schedule heading and substituting the words “RESPONSIBLE PERSON”;

- (c) by inserting, immediately after the words “REGULATION 8(4)(d)” in the Schedule heading, the words “, 10AA(3)(d) OR 10AB(3)(d)”;

- (d) by inserting, immediately after the words “sub-paragraph (d)(i) or (ii) of regulation 8(4)” in paragraph 1, the words “, sub-paragraph (d)(i) or (ii) of regulation 10AA(3) or sub-paragraph (d)(i) or (ii) of regulation 10AB(3)”;

- (e) by deleting the word “manager” wherever it appears in the following provisions and substituting in each case the words “responsible person”:

Paragraphs 1, 2, 3, 4(c) and (d)(i), 5(a) and 10(a) and (b);

- (f) by inserting, immediately after the words “sub-paragraph (d)(i) of regulation 8(4)” in paragraphs 5(a) and 10, the words

“, sub-paragraph (d)(i) of regulation 10AA(3) or sub-paragraph (d)(i) of regulation 10AB(3)”;

(g) by inserting, immediately after the words “sub-paragraph (d)(ii) of regulation 8(4)” in paragraph 5(b), the words “, sub-paragraph (d)(ii) of regulation 10AA(3) or sub-paragraph (d)(ii) of regulation 10AB(3)”;

(h) by deleting sub-paragraph (a) of paragraph 7 and substituting the following sub-paragraph:

“(a) to 60 days after the closing date of the offer if the responsible person for the Scheme satisfies the following that the extension is in the best interest of the participants of the Scheme:

(i) where the Scheme is constituted as a unit trust — the trustee for the Scheme;

(ii) where the Scheme is constituted as a non-umbrella VCC or a sub-fund of an umbrella VCC — the directors of the VCC; or”; and

(i) by deleting paragraph 11 and substituting the following paragraph:

“11. Where any offer to purchase units in the Scheme has been made as a result of the occurrence of an event specified in sub-paragraph (d)(i) or (ii) of regulation 8(4), sub-paragraph (d)(i) or (ii) of regulation 10AA(3) or sub-paragraph (d)(i) or (ii) of regulation 10AB(3) (as the case may be), the responsible person for the Scheme must offer to purchase units in the Scheme at least once every year from the closing date of the last offer to purchase units and, in the case of the event specified in sub-paragraph (d)(i) of regulation 8(4), sub-paragraph (d)(i) of regulation 10AA(3) or sub-paragraph (d)(i) of regulation 10AB(3) (as the case may be), an offer must continue to be made with that frequency for as long as trading in the units in the Scheme does not resume on an approved exchange.”

Amendment of Third Schedule

9. The Third Schedule to the principal Regulations is amended —

(a) by inserting, immediately after Part I in the Arrangement of Parts, the following Part:

“IA Corporation”;

(b) by deleting the words “(or the custodian)” in the Arrangement of Parts against Part IV and substituting the words “or the custodian”;

(c) by deleting paragraph 3 and substituting the following paragraph:

“3. State the place of constitution of the Scheme and (where applicable) state the registered address of the Scheme.”;

(d) by inserting, immediately after the word “state” in paragraph 4, the words “the date on which the Scheme is constituted and”;

(e) by inserting, immediately after paragraph 8, the following Part:

“IA — CORPORATION

8A. Where the Scheme is a corporation —

(a) state the name, position and responsibility of each director of the Scheme; and

(b) where the Scheme delegates any of its functions to a third-party, state the function that has been delegated and the name of the delegate.”;

(f) by deleting Part IV and substituting the following Part:

“IV — THE TRUSTEE OR THE CUSTODIAN

12. State the names of the following:

(a) where the Scheme is constituted as a unit trust, the name of the trustee for the Scheme (called in this Schedule the Trustee), as well as (where the Trustee has delegated the safekeeping of the assets of the Scheme to a custodian) the name of the custodian;

(b) where the Scheme is constituted other than as a unit trust, the name of the custodian.

12A. State whether the Trustee or the custodian is licensed or regulated by any financial supervisory authority in its principal place of business and, if so, the name of the financial supervisory authority.

12B. State the custodial arrangement in respect of the assets of the Scheme.”;

(g) by deleting sub-paragraph (a) under the sub-heading “Payable by the Scheme” in paragraph 22 and substituting the following sub-paragraph:

“(a) Management fee, including —

(i) the amount retained by the Manager (as a percentage amount of the Management fee); and

(ii) the trailer fee paid by the Manager to the financial adviser (as a percentage amount of Management fee);”;

(h) by deleting the word “and” at the end of paragraph 24(c);

(i) by deleting the full-stop at the end of sub-paragraph (d) of paragraph 24 and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraph:

“(e) where the Scheme is a sub-fund of an umbrella VCC, state the risk that section 29 of the Variable Capital Companies Act 2018 (which provides that the assets of a sub-fund cannot be used to discharge the liabilities of any other sub-fund or the umbrella VCC itself and that any liability of a sub-fund must be discharged solely out of the assets of the sub-fund including in its winding up) may not be applied in any legal or other proceedings before a court or other tribunal of a foreign country.”;

(j) by deleting sub-paragraph (i) of paragraph 74(b) and substituting the following sub-paragraph:

“(i) the nature and extent of the interests of —

(A) the Trustee, Manager, sub-manager, custodian or investment adviser for the Scheme; or

(B) any of the directors of the Scheme, the Trustee, Manager, sub-manager, custodian or investment adviser for the Scheme,

in respect of the Scheme or any property acquired or proposed to be acquired by the Scheme.”;

(k) by deleting paragraph 77 and substituting the following paragraph:

“77. Provide a telephone number at which investors may contact the following to seek any clarification about the Scheme:

(a) where the Scheme is constituted as a non-umbrella VCC or a sub-fund of an umbrella VCC — the non-umbrella VCC or umbrella VCC, as the case may be;

(b) where the Scheme is constituted in Singapore and is not a non-umbrella VCC or sub-fund of an umbrella VCC — the Manager for the Scheme;

(c) in any other case — the Singapore representative for the Scheme.”; and

(l) by deleting “UCITS III” wherever it appears in Appendix 7 (including the Appendix heading) and substituting in each case “UCITS”.

Amendment of Eighth Schedule

10. Part 2 of the Eighth Schedule to the principal Regulations is deleted and the following Part substituted therefor:

“PART 2

FORM OF PRODUCT HIGHLIGHTS SHEET FOR UNITS IN A
COLLECTIVE INVESTMENT SCHEME THAT IS NOT
LISTED ON AN APPROVED EXCHANGE
OR OVERSEAS EXCHANGE

Prepared on: DD/MM/YY

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus².
- It is important to read the Prospectus before deciding whether to purchase the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

NAME OF PRODUCT

Product Type	[Unit Trust/ VCC]	Launch Date	[•]
Manager	[•]	Custodian/ Depositary	[•]
Trustee	[•]	Dealing Frequency	Every Business Day / Every Monday etc.
Capital Guaranteed	[Yes/No]	Expense Ratio for [Previous FY]	[•] (Class A Units) [•] (Class B Units) etc. (retail classes)
Name of Guarantor [if applicable]	[•]		

² The Prospectus is available for collection at [time and place] or accessible at [website address, if applicable]

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR?

- The Fund is only suitable for investors who:
 - *[State return objectives (for example, capital growth, income or capital preservation) which the product will be suitable for.]*
 - *[State if the principal will be at risk.]*
 - *[State how long investors should be prepared to hold the investment for products which have lock-in periods.]*
 - *[State other key characteristics of the product which will help investors determine whether the product is suitable for them.]*

Example:

- The Fund is only suitable for investors who:
 - seek capital growth over a period of 3 years or longer;
 - also seek regular income through yearly distributions; and
 - are comfortable with the greater volatility and risks of an equity fund.

Further Information

Refer to the “[Relevant Section]” of the Prospectus for further information on product suitability.

KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN?

[State key features of the product, such as the legal classification of the product, the broad investment objective of the product, whether it intends to offer regular dividends and when those are paid. If the product is structured to give specific payoffs due to certain trigger events or scenarios, describe those scenarios and provide scenario analysis and numerical examples. Where appropriate, include one or more diagrams or illustrations explaining the features and structure of the product.]

Example:

- You are investing in a unit trust constituted in [place of constitution] that aims to provide you with returns through long term capital growth by investing in companies set up in the Asia Pacific region.
- You may receive yearly distributions on or around 31 December. The Manager will decide whether a distribution is to be made based on [factors].

Refer to the “[Relevant Section]” of the Prospectus for further information on features of the product.

Investment Strategy	
<p><i>[Describe how the fund intends to achieve its objective. For instance, describe the eligible assets it may invest in and the management philosophy. Any processes and structures which introduce significant risk should be included in the description. Include diagrams of the structure of the fund if the fund is a structured fund, or pie charts of asset allocation as at a date near the date of Product Highlights Sheet to show sectoral, country or asset type allocation, if applicable.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> ● The Fund will invest primarily in shares of companies listed on stock exchanges in the Asia Pacific region. The Fund may hold cash or invest in derivatives instruments for purposes of hedging, reducing cost, reducing risk, or generating capital or income for no or minimal increase in risk. 	<p>Refer to the “[Relevant Section]” of the Prospectus for the full diagrams of the structure of the Fund.</p>
Parties Involved	
<p>WHO ARE YOU INVESTING WITH?</p> <p><i>[State all parties involved in the structure of the product, such as the name of the umbrella fund or fund company, manager and sub-manager, swap counterparty, and the trustee, custodian or depositary, where applicable.</i></p> <p>Example:</p> <ul style="list-style-type: none"> ● The Manager is [●], and the Trustee/Custodian/Depositary is [●]. ● The Fund uses [●] as the counterparty for most of its derivative transactions. 	<p>Refer to the “[Relevant Section]” of the Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p>

KEY RISKS	
<p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</p> <p><i>[State key risks which are either commonly occurring events, or which may cause significant losses if they occur, or both. While the risks may overlap into multiple categories below, there is no need to repeat the same risk in more than one section. Product-specific market or liquidity risks should be included under the market or liquidity risks section respectively. If fees may later be increased or new fees introduced, such as fees related to the unwinding of investments, state so here.]</i></p> <p>The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment:</p>	<p>Refer to the “[<i>Relevant Section</i>]” of the Prospectus for further information on risks of the product.</p>
Market and Credit Risks	
<p><i>[State market risks (including currency risks) and counterparty risks which may result in the loss of capital or affect the payoff of the investment and their consequences.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> ● You are exposed to the market risks in Asia Pacific markets. <ul style="list-style-type: none"> ○ Your investments may go up or down due to changing economic, political or market conditions that impact the share price of the companies that the Fund invests in. ● You have greater exposure to market risks as this is an equity fund. <ul style="list-style-type: none"> ○ Historically, equities have greater volatility than bonds and other fixed income securities. The Fund’s valuation and the price at which you can exit may correspondingly fluctuate more strongly on a day-to-day basis compared to funds investing in bonds and other fixed income securities. 	

Liquidity Risks	
<p><i>[State the risks that an investor would face in trying to exit the product, for example, limitations on redemption or factors that may delay the payment of redemption proceeds.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> ● The Fund is not listed and you can redeem only on Dealing Days. <ul style="list-style-type: none"> ○ There is no secondary market for the Fund. All redemption requests should be made to the Manager. 	
Product-Specific Risks	
<p><i>[State product-specific risks, which include structure-related risks, investment objective related risks, potential legal risks, etc.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> ● You are exposed to derivatives risks. <ul style="list-style-type: none"> ○ The Manager may use derivative instruments, including futures, options, warrants, forwards, swaps or swap options, from time to time in managing the investments of the Fund. ○ The usage of derivatives may negatively impact the value of the Fund and the Fund may suffer greater losses than if the Fund had not used derivatives. ○ At the worst case, you may lose all your funds invested if the Fund is fully exposed to derivative positions that move against the Manager's judgment. 	

FEES AND CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

[State all fees and charges payable. This includes management fees (including the percentage amount retained by the Manager and the amount paid as trailer fees to a financial adviser), distribution fees, and any other substantial fees of more than 0.1% of NAV or of subscription value. Distinguish between fees payable via the investors' investments in the fund and fees payable directly by the investors. Indicate if the fees are payable once-off or on a per-annum basis. If fees may later be increased or new fees introduced, state so here. Where there is a master-feeder fund structure, fees payable by the underlying fund should be disclosed. Fees and charges may be disclosed as a range where a master-feeder fund structure has multiple underlying funds.]

Example:

Payable directly by you

- You will need to pay the following fees and charges as a percentage of your gross investment sum:

Sales Charge	<ul style="list-style-type: none"> ○ Up to 5% for cash and SRS investment ○ Up to 3% for CPF investment
Redemption Charge	○ Currently NIL (maximum 5%)
Switching Fee	○ Currently NIL (maximum 1%)

Refer to the “[Relevant Section]” of the Prospectus for further information on fees and charges.

<u>Payable by the Fund from invested proceeds</u>	
<ul style="list-style-type: none"> ● The Fund will pay the following fees and charges (where applicable) to the Manager, Trustee, Custodian and other parties: 	
Management Fee (a) Retained by Manager (b) Paid by Manager to financial adviser (trailer fee)	<ul style="list-style-type: none"> ○ 1.5% per annum <ul style="list-style-type: none"> - a% to b% of Management Fee - x% to y%³ of Management Fee
Trustee Fee / Custodian Fee	<ul style="list-style-type: none"> ○ 0.1% per annum, subject to a minimum of S\$15,000
Accounting and Valuation Fee	<ul style="list-style-type: none"> ○ 0.025% per annum, subject to a minimum of S\$5,000

³ Your financial adviser is required to disclose to you the amount of trailer fee it receives from the Manager.

VALUATIONS AND EXITING FROM THIS INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

[State how often and where valuations are published, for example, provide a website address or the name of local newspapers where the valuation is published.]

Refer to the “[Relevant Section]” of the Prospectus for further information on valuation and exiting from the product.

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

[State length of cancellation period and describe how investors can exit from the investment if they change their mind within the cancellation period and the relevant costs. If there is no cancellation period, state so clearly. Subsequent to the cancellation period, describe how investors can exit from the investment and the relevant costs.]

Example:

- You can exit the Fund at any time by writing to the Manager, either directly or through the financial adviser from whom you purchased the Fund. If you do so within the cancellation period of 7 days from time of purchase, you may do so without incurring the sales charge and fees stated above. However, you will have to take the risk for any price changes in the NAV of the Fund since you purchased it and pay an administration fee of \$X.
- You will receive the sale proceeds within 7 business days after the day the Manager receives your request to exit from the Fund.
- Your exit price is determined as follows:
 - If you submit the redemption order before 5pm on a business day, you will be paid a price based on the net asset value of the Fund at the close of that business day.
 - If you submit the redemption order after 5pm, you will be paid a price based on the net asset value at the close of the next business day.

<ul style="list-style-type: none"> The sale proceeds that you will receive will be the exit price multiplied by the number of units sold, less any charges. An example is as follows: Exit price × Number of units sold = Gross Sale Proceeds S\$1.250 × 1,000 = S\$1,250 Gross Sale Proceeds – Realisation Charge = Net Sale Proceeds S\$1,250 – S\$0.00 = S\$1,250 	
CONTACT INFORMATION	
<p>HOW DO YOU CONTACT US?</p> <p><i>[State contact details of issuers or distributors whom investors can contact if they have enquiries. Include a website address and email address if appropriate.]</i></p>	
APPENDIX: GLOSSARY OF TERMS	
<p><i>[This section should explain terms used in the Product Highlights Sheet which may not be understandable to the average investor. Where possible, issuers should simplify the terms used in the main body of the Product Highlights Sheet instead of explaining them in the glossary.]</i></p> <p>Term: Description</p> <p>Term: Description</p>	

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[G.N. Nos. S 740/2005; S 420/2009; S 179/2010; S 469/2012; S 191/2013; S 494/2014; S 888/2014; S 384/2018; S 669/2018; S 823/2018; S 33/2020]

Made on 12 March 2020.

RAVI MENON
Managing Director,
Monetary Authority of Singapore.

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