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SECURITIES AND FUTURES ACT (CHAPTER 289)

SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (EXEMPTION FOR OFFERS OF POST-SEASONING DEBENTURES) REGULATIONS 2016

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In exercise of the powers conferred by section 337(1) 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) (Exemption for Offers of Post-seasoning Debentures) Regulations 2016 and come into operation on 19 May 2016.

Definitions

2.—(1) In these Regulations —

- “annual consolidated financial statements”, in relation to an entity, a business trust or a REIT, means the consolidated financial statements covering a financial year of the entity, business trust or REIT;
- “BT offer” means an offer of debentures by a trustee-manager of a business trust, on behalf of the business trust;
- “business trust” means a business trust registered under section 4 of the Business Trusts Act (Cap. 31A) or recognised under section 282TA of the Act;
- “equity interest”, in relation to an entity, means any right or interest (whether legal or equitable) in the entity, by whatever name called, and includes any option to acquire any such right or interest in the entity;
- “financial statements”, in relation to an entity, a business trust or a REIT, means profit and loss statements, balance-sheets and cash flow statements, and includes any attached notes and schedules which are required by the accounting standards adopted by the entity or for the business trust or REIT, to be included in its financial statements;
- “guaranteed debenture issue” means an issue of debentures the obligations under which are unconditionally and irrevocably guaranteed by an entity that wholly owns the entity that issues the debentures;
- “guarantor entity”, in relation to a guaranteed debenture issue, means the entity that guarantees the obligations under the debentures mentioned in the definition of “guaranteed debenture issue”;
- “manager”, in relation to a REIT, means the responsible person for the REIT;
- “market day”, in relation to an offer of debentures other than a BT offer or REIT offer, means a day the securities exchange or

recognised securities exchange, being one on which are listed —

- (a) the shares of the offeror entity; or
- (b) if the debentures are to be the subject of a guaranteed debenture issue, the shares of either the offeror entity or the guarantor entity,

is open for trading in securities;

“market day”, in relation to a BT offer or REIT offer, means a day the securities exchange or recognised securities exchange on which are listed the units of the business trust or REIT, is open for trading in securities;

“offeror entity”, in relation to an offer of debentures other than a BT offer or REIT offer, means the entity that makes the offer of those debentures;

“post-seasoning debenture” means a debenture to be issued by an entity, a trustee-manager of a business trust on behalf of the business trust, or a trustee of a REIT on behalf of the REIT, and is, or is to be, uniform in all respects with seasoned debentures previously issued by the same entity, the same trustee-manager on behalf of the same business trust, or the same trustee on behalf of the same REIT, except with respect to price, original tenure, size and date of issue;

“published” includes published in a prospectus, in an annual report or through the electronic network operated by a securities exchange or recognised securities exchange;

“REIT” means a collective investment scheme —

- (a) that is a trust;
- (b) that invests primarily in real estate and real estate-related assets specified by the Authority in the Code on Collective Investments; and
- (c) that is —
 - (i) authorised under section 286 of the Act; or
 - (ii) recognised under section 287 of the Act;

“REIT offer” means an offer of debentures by a manager of a REIT, on behalf of the REIT;

“relevant person” has the same meaning as in section 275(2) of the Act;

“retail investor” means a person other than an institutional investor or a relevant person;

“seasoned debenture” means a debenture which —

- (a) was issued pursuant to an offer made in reliance on an exemption under section 274 or 275 of the Act;
- (b) was part of an issue of debentures the size of which was not less than \$150 million (or its equivalent in a foreign currency);
- (c) is listed for quotation on a securities exchange;
- (d) is made available for trading by investors (including retail investors) on the securities exchange pursuant to the listing rules of the securities exchange and only after its seasoning period;
- (e) has a fixed term that does not exceed 10 years;
- (f) provides for repayment of the principal sum at the end of the fixed term;
- (g) has periodic interest payments which cannot be deferred;
- (h) carries a fixed rate of interest, or a floating rate of interest comprising a reference rate and a fixed spread which cannot be decreased (the sum of which must not be less than zero);
- (i) is not convertible into or exchangeable for other securities, equity interests or property, nor attached with options, warrants or similar rights to subscribe for or purchase other securities, equity interests or property;
- (j) is not redeemable before the end of the fixed term except —

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- (i) in any of the circumstances in paragraph (2), if the offer is not a BT offer or REIT offer; or
 - (ii) in any of the circumstances in paragraph (3), if the offer is a BT offer or REIT offer;
- (k) is not an asset-backed security within the meaning of section 262 of the Act, or a structured note;
- (l) is not subordinated to —
- (i) in the case of a BT offer, any other debt obligation of the business trust;
 - (ii) in the case of a REIT offer, any other debt obligation of the REIT; or
 - (iii) in the case of any other offer, any other debt obligation of the offeror entity, or (if the debenture is to be the subject of a guaranteed debenture issue) any other debt obligation of the offeror entity or the guarantor entity; and
- (m) cannot be written off, whether in whole or in part, except with the approval of a minimum percentage of holders of debentures of the same issue as that debenture, as specified in the debenture;

“seasoning period”, in relation to a seasoned debenture, means the period of 6 months after the date the debenture is listed for quotation on a securities exchange;

“single purpose vehicle” means an entity that is established solely in order to, or a trust that is established solely in order for its trustee to, do either or both of the following:

- (a) act as counterparty to arrangements involving the use of derivatives to create exposure to assets from which payments to the holders of any structured notes are or will be primarily derived;
- (b) issue any structured notes;

“structured note” means any debenture or unit of debenture —

- (a) which is issued —
 - (i) in relation to a synthetic securitisation transaction; or
 - (ii) by any bank licensed under the Banking Act (Cap. 19); and
- (b) for which either or both of the following apply:
 - (i) the principal sum or any interest is, or both of these are, payable in accordance with a formula that is based on one or more of the following:
 - (A) the performance of any type of securities, equity interest, commodity or index, or a basket of 2 or more types of securities, equity interests, commodities or indices;
 - (B) the credit risk or performance of any entity or a basket of entities;
 - (C) the movement of interest rates or currency exchange rates;
 - (ii) one or more of the underlying securities, equity interests, commodities, or currencies are to be physically delivered in accordance with a formula that is based on one or more of the matters mentioned in sub-paragraph (i)(A), (B) and (C);

“synthetic securitisation transaction” means an arrangement involving the use of derivatives to create or replicate exposure to assets that are not transferred to, or are not a part of an asset pool held by, a single purpose vehicle.

(2) For the purposes of paragraph (j)(i) of the definition of “seasoned debenture” in paragraph (1), the circumstances are —

- (a) the debenture becomes redeemable when the offeror entity or (if the debenture is to be the subject of a guaranteed debenture issue) either the offeror entity or the guarantor

entity, incurs or will incur additional taxes, duties or government charges imposed, levied, collected, withheld or assessed by any authority of any country or territory in relation to the debenture, due to —

- (i) a change in a law, regulation, ruling, treaty or administrative pronouncement; or
- (ii) a change in the application or interpretation of any of the matters mentioned in sub-paragraph (i),

and the redemption is for an amount that is at least equal to the sum of the principal amount at par and accrued interest;

(b) the redemption of the debenture is for an amount equal to the sum of the accrued interest and the greater of —

- (i) the principal amount at par; and
- (ii) a make-whole amount determined by discounting the principal amount and all remaining interest payments at a discount rate comprising a reference rate and a fixed spread specified in the debenture; or

(c) the debenture becomes redeemable upon the exercise of an option by the holder upon the occurrence of any of the following:

- (i) there is a change of control of, or a change of interests in, the offeror entity, or (if the debenture is to be the subject of a guaranteed debenture issue) a change of control of, or a change of interests in, either the offeror entity or the guarantor entity;
- (ii) the shares in the offeror entity or (if the debenture is to be the subject of a guaranteed debenture issue) either the offeror entity or the guarantor entity cease to be listed or traded on a securities exchange or overseas securities exchange;
- (iii) trading in the shares in the offeror entity or (if the debenture is to be the subject of a guaranteed debenture issue) either the offeror entity or the guarantor entity on a securities exchange or overseas

securities exchange is suspended for a continuous period which is longer than the period specified in the debenture.

(3) For the purposes of paragraph (j)(ii) of the definition of “seasoned debenture” in paragraph (1), the circumstances are —

(a) the debenture becomes redeemable when the business trust or REIT incurs or will incur additional taxes, duties or government charges imposed, levied, collected, withheld or assessed by any authority of any country or territory in relation to the debenture, due to —

(i) a change in a law, regulation, ruling, treaty, or administrative pronouncement; or

(ii) a change in the application or interpretation of any of the matters mentioned in sub-paragraph (i),

and the redemption is for an amount that is at least equal to the sum of the principal amount at par and accrued interest;

(b) the redemption of the debenture is for an amount equal to the sum of the accrued interest and the greater of —

(i) the principal amount at par; and

(ii) a make-whole amount determined by discounting the principal amount and all remaining interest payments at a discount rate comprising a reference rate and a fixed spread specified in the debenture; or

(c) the debenture becomes redeemable upon the exercise of an option by the holder upon the occurrence of any of the following:

(i) there is a change of control of, or a change of interests in, the business trust or REIT;

(ii) the units in the business trust or REIT cease to be listed or traded on a securities exchange or overseas securities exchange;

(iii) trading in units in the business trust or REIT on a securities exchange or overseas securities exchange is

suspended for a continuous period which is longer than the period specified in the debenture.

(4) In paragraph (2)(c) —

(a) a change of control of an entity occurs where —

- (i) any person acquires, or persons acting together acquire, control of the entity; or
- (ii) the entity consolidates or merges with another entity, or sells or transfers all or substantially all of its assets to any other person, resulting in any other person or persons (not previously having control of the entity) having control of the entity or an entity that succeeds or replaces the entity; and

(b) a change of interests in an entity occurs where —

- (i) any person acquires, or persons acting together acquire, a percentage specified in the debenture of the issued equity interest in the entity;
- (ii) any person specified in the debenture, whether acting alone or together with other persons, acquires a percentage specified in the debenture of the issued equity interest in the entity; or
- (iii) any person specified in the debenture ceases to own a percentage specified in the debenture of the issued equity interest in the entity.

(5) In paragraph (3)(c) —

(a) a change of control of a business trust or REIT occurs where —

- (i) any person acquires, or persons acting together acquire, control of the business trust or its trustee-manager, or the REIT or its manager; or
- (ii) the business trust or REIT consolidates or merges with another business trust or REIT, or all or substantially all of its assets are sold or transferred to any other person, resulting in any other person or persons (not

previously having control of the business trust or REIT) having control of the business trust or REIT, or any business trust or REIT that succeeds or replaces the business trust or REIT;

(b) a change of interests in a business trust or REIT occurs where —

(i) any person acquires, or persons acting together acquire, a percentage specified in the debenture of the issued units in the business trust or REIT, or of the issued equity interest in the trustee-manager of the business trust or the manager of the REIT;

(ii) any person specified in the debenture, whether acting alone or together with other persons, acquires a percentage specified in the debenture of the issued units in the business trust or REIT, or of the issued equity interest in the trustee-manager of the business trust or the manager of the REIT; or

(iii) any person specified in the debenture ceases to own a percentage specified in the debenture of the issued units in the business trust or REIT, or of the issued equity interest in the trustee-manager of the business trust or the manager of the REIT.

(6) In these Regulations, an entity wholly owns another entity if it beneficially owns all the equity interests in that other entity.

(7) For the purpose of paragraph (6), if —

(a) an entity (called in this paragraph the 1st entity) beneficially owns (including by reason of one or more applications of this paragraph) all the equity interests in another entity (called in this paragraph the 2nd entity); and

(b) the 2nd entity beneficially owns all the equity interests in another entity (called in this paragraph the 3rd entity),

then the 1st entity is taken to beneficially own all the equity interests in the 3rd entity.

(8) Any word or expression used in these Regulations which is defined in section 239 of the Act has the meaning given to it in that section.

Meaning of “subsidiary entity of another entity”

3.—(1) In these Regulations, an entity (called in this regulation the 1st entity) is treated as a subsidiary entity of another entity (called in this regulation the holding entity), if —

(a) the holding entity —

(i) controls the composition of the board of directors or its equivalent (called in this regulation the board) of the 1st entity; or

(ii) controls more than half of the voting power of the 1st entity; or

(b) the 1st entity is a subsidiary entity of another entity which is a subsidiary entity of the holding entity.

(2) For the purposes of paragraph (1)(a)(i), the holding entity is treated as having control of the composition of the 1st entity’s board if the holding entity has the power to appoint or remove all or a majority of the directors (or their equivalent) of the board without the consent or concurrence of any other person.

(3) The holding entity mentioned in paragraph (2) is treated as having the power mentioned in that paragraph if —

(a) a person cannot be appointed as a director or equivalent of the 1st entity’s board without the exercise in his or her favour by the holding entity of that power; or

(b) a person’s appointment as a director or equivalent of the 1st entity’s board follows necessarily from his or her being a director or other officer, or the equivalent of a director or other officer, of the holding entity.

(4) In determining whether an entity is a subsidiary entity of another entity under paragraph (1) —

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- (a) any power exercisable over the 1st entity by the other entity in a fiduciary capacity is not to be treated as exercisable by the other entity;
- (b) subject to sub-paragraphs (c) and (d), any power exercisable over the 1st entity —
- (i) by a nominee for the other entity (except where the other entity is concerned only in a fiduciary capacity);
or
 - (ii) by a subsidiary entity of the other entity or a nominee for the subsidiary entity (except where the subsidiary entity is concerned only in a fiduciary capacity),
- is to be treated as exercisable over the 1st entity by the other entity;
- (c) any power exercisable over the 1st entity by any person by reason of the provisions of any debentures of the 1st entity or of a trust deed for securing any issue of such debentures is to be disregarded; and
- (d) any power exercisable over the 1st entity by, or by a nominee for, the other entity or its subsidiary entity (not being power exercisable over the 1st entity as mentioned in sub-paragraph (c)) is not to be treated as exercisable by the other entity if —
- (i) the ordinary business of the other entity or its subsidiary entity (as the case may be) includes the lending of money; and
 - (ii) the power is exercisable only as security for the purposes of a transaction entered into in the ordinary course of that business.

(5) For the purposes of these Regulations, an entity is not to be treated as a subsidiary entity of another entity, being the Depository mentioned in section 5(5) of the Companies Act (Cap. 50), by reason only of the shares that the Depository holds in that entity as a bare trustee.

Meaning of “subsidiary entity of business trust or REIT”

4.—(1) In these Regulations, an entity is treated as a subsidiary entity of a business trust or REIT, if —

- (a) the trustee-manager of the business trust or the manager of the REIT (acting in such capacity) —
 - (i) controls the composition of the board of directors or its equivalent (called in this regulation the board) of the entity; or
 - (ii) controls more than half of the voting power of the entity; or
- (b) the entity is a subsidiary entity of another entity which is a subsidiary entity of the business trust or REIT.

(2) For the purposes of paragraph (1)(a)(i), the trustee-manager of the business trust or the manager of the REIT (acting in such capacity) is treated as having control of the composition of the entity’s board if the trustee-manager or manager has the power to appoint or remove all or a majority of the directors (or their equivalent) of the board without the consent or concurrence of any other person.

(3) The trustee-manager of the business trust or the manager of the REIT mentioned in paragraph (2) is treated as having the power mentioned in that paragraph if —

- (a) a person cannot be appointed as a director or equivalent of the entity’s board without the exercise in his or her favour by the trustee-manager or manager of that power; or
- (b) a person’s appointment as a director or equivalent of the entity’s board follows necessarily from his or her being a director or other officer, or the equivalent of a director or other officer, of the trustee-manager or manager.

(4) In determining whether an entity is a subsidiary entity of a business trust or REIT under paragraph (1) —

- (a) subject to sub-paragraphs (b) and (c), any power exercisable over the entity by, or by a nominee for, a subsidiary entity of the business trust or REIT (not being a subsidiary entity which is concerned only in a fiduciary capacity) is to be

treated as exercisable over the entity by the trustee-manager of the business trust or the manager of the REIT;

- (b) any power exercisable over the entity by any person by reason of the provisions of any debentures of the entity or of a trust deed for securing any issue of such debentures is to be disregarded; and
- (c) any power exercisable over the entity by, or by a nominee for, the trustee-manager or manager, or a subsidiary entity of the business trust or REIT (not being power exercisable over the entity as mentioned in sub-paragraph (b)) is not to be treated as exercisable by the trustee-manager or manager if —
 - (i) the ordinary business of the trustee-manager, manager or subsidiary entity (as the case may be) includes the lending of money; and
 - (ii) the power is exercisable only as security for the purposes of a transaction entered into in the ordinary course of that business.

Exemption of offer of post-seasoning debentures other than BT or REIT offer

5.—(1) Subject to the conditions in regulation 7, Subdivisions (2) and (3) of Division 1 of Part XIII (but not section 258) of the Act do not apply to an offer of post-seasoning debentures (not being a BT offer or a REIT offer) to be issued by the offeror entity itself, if —

- (a) either of the following is satisfied:
 - (i) at the time of the offer, all or any of the shares in the offeror entity are listed for quotation on a securities exchange or a recognised securities exchange, and traded on the exchange, and for a continuous period of at least 5 years immediately before that time, all or any of those shares were so listed and traded;
 - (ii) for a continuous period of at least 5 years immediately before the time of the offer, debentures issued by the offeror entity, or by entities wholly owned by the offeror entity which are unconditionally and

irrevocably guaranteed by the offeror entity, and whether or not part of the same issue, were listed for quotation on a securities exchange;

(b) either of the following is satisfied:

(i) the market capitalisation of the offeror entity is not less than \$1 billion (or its equivalent in a foreign currency) for each of the 180 market days prior to the offer;

(ii) the offeror entity satisfies both of the following:

(A) its net assets, as determined from the published audited annual consolidated financial statements for its most recent completed financial year, are not less than \$500 million (or its equivalent in a foreign currency);

(B) its average net assets, as determined from the published audited annual consolidated financial statements for its 3 most recent completed financial years, are not less than \$500 million (or its equivalent in a foreign currency); and

(c) any of the following is satisfied:

(i) for its 3 most recent completed financial years, the offeror entity —

(A) has not had, on average, a net loss; and

(B) has, on average, a positive net cash inflow from its operating activities,

as determined from its published audited annual consolidated financial statements;

(ii) either the offeror entity has been, or the post-seasoning debentures have been, awarded a credit rating (whether final or provisional) of not less than any of the following:

(A) BBB by Fitch Ratings;

(B) Baa2 by Moody's Investors Service;

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- (C) BBB by Standard & Poor's Ratings Services, and such rating remains current at the time of the offer;
- (iii) debentures issued in the period of 5 years immediately before the time of the offer by the offeror entity, or by entities wholly owned by the offeror entity which are unconditionally and irrevocably guaranteed by the offeror entity, satisfy both of the following:
- (A) the total value of all of those debentures that are or were listed for quotation on a securities exchange, as at the date they were issued, was not less than \$500 million (or its equivalent in a foreign currency);
- (B) there has not been a default in the repayment of moneys under any of those debentures.
- (2) Paragraph (1) applies to an offer of post-seasoning debentures which are to be the subject of a guaranteed debenture issue, if either —
- (a) all of the requirements in paragraph (1)(a), (b) and (c) are satisfied; or
- (b) all of the requirements in paragraph (1)(a), (b) and (c), modified by replacing each reference to the offeror entity with a reference to the guarantor entity, are satisfied.
- (3) For the purposes of sub-paragraphs (b)(ii) and (c)(i) of paragraph (1), if the offeror entity or (as the case may be) guarantor entity has one or more subsidiary entities, then a reference to the offeror entity or guarantor entity is a reference to all of the following taken as a whole:
- (a) the offeror entity or guarantor entity (as the case may be);
- (b) all of its subsidiary entities.

Exemption of BT or REIT offer

6.—(1) Subject to the conditions specified in regulation 7, Subdivisions (2) and (3) of Division 1 of Part XIII (but not section 258) of the Act do not apply to an offer of post-seasoning debentures that is a BT offer or a REIT offer if —

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- (a) either of the following is satisfied:
- (i) at the time of the offer, all or any of the units in the business trust or REIT are listed for quotation on a securities exchange or a recognised securities exchange, and traded on the exchange, and for a continuous period of at least 5 years immediately before that time, all or any of those units were so listed and traded;
 - (ii) for a continuous period of at least 5 years immediately before the time of the offer, debentures issued on behalf of the business trust or REIT (as the case may be), and whether or not part of the same issue, were listed for quotation on a securities exchange;
- (b) either of the following is satisfied:
- (i) the market capitalisation of the business trust or REIT is not less than \$1 billion (or its equivalent in a foreign currency) for each of the 180 market days prior to the offer;
 - (ii) the business trust or REIT satisfies both of the following:
 - (A) its net assets, as determined from the published audited annual consolidated financial statements for its most recent completed financial year, are not less than \$500 million (or its equivalent in a foreign currency);
 - (B) its average net assets, as determined from the published audited annual consolidated financial statements for its 3 most recent completed financial years, are not less than \$500 million (or its equivalent in a foreign currency); and
- (c) any of the following is satisfied:
- (i) for its 3 most recent completed financial years, the business trust or REIT —
 - (A) has not had, on average, a net loss; and

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- (B) has, on average, a positive net cash inflow from its operating activities,
- as determined from its published audited annual consolidated financial statements;
- (ii) either the business trust or REIT has been, or the post-seasoning debentures have been, awarded a credit rating (whether final or provisional) of not less than any of the following:
- (A) BBB by Fitch Ratings;
 - (B) Baa2 by Moody's Investors Service;
 - (C) BBB by Standard & Poor's Ratings Services,
- and such rating remains current at the time of the offer;
- (iii) debentures issued in the period of 5 years immediately before the time of the offer on behalf of the business trust or REIT (as the case may be), satisfy both of the following:
- (A) the total value of all of those debentures that are or were listed for quotation on a securities exchange, as at the date they were issued, was not less than \$500 million (or its equivalent in a foreign currency);
 - (B) there has not been a default in the repayment of moneys under any of those debentures.

(2) For the purposes of sub-paragraphs (b)(ii) and (c)(i) of paragraph (1), if the business trust or REIT has one or more subsidiary entities, then a reference to the business trust or REIT is a reference to all of the following taken as a whole:

- (a) the business trust or REIT;
- (b) all of its subsidiary entities.

Conditions of exemption under regulations 5 and 6

7.—(1) An exemption under regulation 5 or 6 is subject to the following conditions:

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- (a) the offer of post-seasoning debentures is made to —
- (i) retail investors only; or
 - (ii) retail investors, and either institutional investors or relevant persons or both;
- (b) the debentures are to be listed for quotation on a securities exchange and traded on the securities exchange;
- (c) the total of —
- (i) the value of the post-seasoning debentures to be issued to retail investors; and
 - (ii) the value, as at the date of issue, of post-seasoning debentures previously issued to retail investors under an offer made in reliance on an exemption under these Regulations, and which relate to the same seasoned debentures as those to which the post-seasoning debentures mentioned in sub-paragraph (i) relate,
- does not exceed 50% of the total value, as at the date of issue, of those seasoned debentures (excluding debentures issued to the lead manager, arranger and underwriter of the offer of those seasoned debentures for their own accounts);
- (d) at the time the offer of the post-seasoning debentures is made, the offeror entity, trustee-manager of the business trust (in the case of a BT offer) or manager of the REIT (in the case of a REIT offer), announces or otherwise disseminates to the securities market operated by the securities exchange a product highlights sheet relating to the offer that —
- (i) complies with the requirements in regulation 8; and
 - (ii) sets out information that is current at the time of the offer;
- (e) each retail investor is given the product highlights sheet mentioned in sub-paragraph (d) before the retail investor applies to subscribe for or purchase the debentures.
- (2) Where the offer is made using any automated teller machine or other electronic means, paragraph (1)(e) is treated as satisfied if —

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- (a) before enabling a retail investor to submit any application to subscribe for or purchase the debentures, the retail investor is informed through the automated teller machine or other electronic means —
 - (i) how the retail investor can obtain, or arrange to receive, a copy of the product highlights sheet relating to the offer; and
 - (ii) that the retail investor should read the product highlights sheet before submitting the application; and
 - (b) the product highlights sheet complies with the requirements in regulation 8, and sets out information that is current at the time of the offer.

Product highlights sheet

8.—(1) The product highlights sheet must contain all the information in the Schedule and be prepared in accordance with the format in that Schedule.

(2) The information (including footnotes and references) to be contained in the product highlights sheet under paragraph (1) —

- (a) must be clearly legible; and
- (b) must be in a font size of at least 10-point Times New Roman or equivalent.

(3) The product highlights sheet must be —

- (a) where it is not a BT offer or a REIT offer, and the shares of the offeror entity or (if the debentures are to be the subject of a guaranteed debenture issue) either the shares of the offeror entity or the guarantor entity are listed on a securities exchange, not more than 8 pages;
- (b) where it is a BT offer or a REIT offer, and the units of the business trust or REIT are listed on a securities exchange, not more than 8 pages; or
- (c) in all other cases, not more than 12 pages.

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- (4) For the purposes of paragraph (3) —
- (a) if the product highlights sheet is printed on both sides, each sheet counts as 2 pages; and
 - (b) a page must be no more than 297 millimetres in length and 210 millimetres in breadth (A4 paper size).

Exemption of book building activity

9.—(1) Subdivisions (2) and (3) of Division 1 of Part XIII of the Act do not apply to the dissemination to institutional investors and relevant persons of a preliminary document relating to an offer of post-seasoning debentures if —

- (a) the front page of the document contains statements in bold lettering to the effect that —
 - (i) it is a preliminary document and is subject to further amendments and completion;
 - (ii) a person to whom a copy of the document is issued must not transfer it to any other person; and
 - (iii) no offer or agreement to purchase or subscribe for any debentures may be made on the basis of the document; and
 - (b) the preliminary document does not contain or have attached to it any form of application that will facilitate the making by any person of an offer of the debentures to which the preliminary document relates, or the acceptance of such an offer by any person.
- (2) In this regulation, a preliminary document is a document —
- (a) issued for the primary purpose of determining the issue or sale price and the number of debentures to be issued or sold; and
 - (b) that contains all the information required to be included in a product highlights sheet under regulation 8, except where such information is not available or finalised at the time the preliminary document is disseminated to institutional investors and relevant persons.

THE SCHEDULE

Regulation 8(1)

FORM AND CONTENT REQUIREMENTS OF A PRODUCT HIGHLIGHTS SHEET

The product highlights sheet must contain a rectangular side bar —

- (a) appearing at the rightmost side of each page;
- (b) of at least 1.8 centimetres in width and in the full length of each page;
- (c) in the colour Pantone 109C; and
- (d) the words “PRODUCT HIGHLIGHTS SHEET” oriented at 90 degrees clockwise in typeface Arial Black, font size 20-point and the colour Black.

Prepared on: [DD/MM/YY]

NAME OF OFFER OF DEBENTURES (“the Bonds”)

EXAMPLE: OFFER OF S\$[●] BONDS DUE [●] BY [NAME OF THE ENTITY (REFERRED TO IN THIS SCHEDULE AS THE ISSUER) IN RESPECT OF WHICH THE DEBENTURES ARE BEING OFFERED] (“the Bonds”)

*Prior to making a decision to purchase the Bonds, you should carefully consider all the information contained in the [title of offering circular]¹ (including any Pricing Supplement). This **PRODUCT HIGHLIGHTS SHEET SHOULD NOT BE READ BY ITSELF** but in conjunction with the [title of offering circular] (including any Pricing Supplement). You will be subject to various risks and uncertainties, including the potential loss of the entire principal amount invested. If you are in doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.*

¹ The [title of offering circular] (including any Pricing Supplement) previously issued to Institutional Investors and/or Relevant Persons is available for collection at [time and place, if applicable] or accessible at [web address].

THE SCHEDULE — *continued*

This offer to investors in Singapore is made in reliance on an exemption granted by the Monetary Authority of Singapore (“the Authority”) pursuant to the Securities and Futures (Offers of Investments) (Exemption for Offers of Post-seasoning Debentures) Regulations 2016. It is not made in or accompanied by a prospectus that is registered by the Authority.

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Bonds. It complements the [title of offering circular] (including any Pricing Supplement).
- You should not purchase the Bonds if you do not understand the nature of an investment in bonds, our business or are not comfortable with the accompanying risks.

| | | | |
|---|---|---|--|
| Issuer and Guarantor (if applicable)/ Trustee-Manager of business trust/ Manager and Trustee of REIT | [•] | Place of incorporation/ constitution | [•] |
| Issue price and denomination of the Bonds | <p>[•]</p> <p>Example: S\$[•] per S\$[•] in principal amount of the Bonds.</p> <p>The Bonds will be issued in registered form in denominations of S\$[•] each.</p> | Estimated amount to be raised in this offer, and percentage² of the Bonds offered to (a) Institutional Investors and Relevant Persons; and (b) Retail Investors³ | <p>[•]</p> <p>Example:</p> <ul style="list-style-type: none"> • Gross proceeds – S\$[•] to S\$[•] • Net proceeds – S\$[•] to S\$[•] • [•]% of the Bonds are offered to institutional investors and relevant persons. • The remaining [•]% of the Bonds are offered to retail investors. |

² The actual percentage offered and subsequently issued to institutional investors and relevant persons and retail investors may differ from the above percentages.

³ Relevant persons include accredited investors and other persons referred to in section 275(2) of the Securities and Futures Act. Retail investors are persons other than institutional investors and relevant persons.

THE SCHEDULE — *continued*

| | | | |
|--|--|---|---|
| Description of the Bonds, including maturity date, tenure, coupon rate and frequency of coupon payments. | <p>[●]</p> <p>Example: S\$[●] in aggregate principal amount of [●]-year senior bonds with interest of [●]% per annum, made in two payments each year, maturing on [date].</p> | Listing status of Issuer/Business Trust/REIT/ Guarantor and the Bonds | <p>[●]</p> <p>Example:</p> <ul style="list-style-type: none"> • Issuer – Primary Listing on the Mainboard of SGX-ST since [date]. • Bonds – To be listed on the Mainboard of SGX-ST from [date]. Trading will be in board lots of S\$[●] in principal amount. |
| Lead Manager(s)/ Arranger(s) | <p>[●]</p> | Underwriter(s) | <p>[●]</p> |
| Credit rating⁴ of Issuer/REIT/ Business Trust/ Guarantor/the Bonds (if any) and Credit Rating Agencies | <p>Example: The Issuer has obtained, in respect of the Bonds, a credit rating of [●] rating by [Name of Credit Rating Agency].</p> | Satisfaction of eligibility criteria for exemption set out in Regulation 5(1) or 6(1) of the Securities and Futures (Offers of Investments) (Exemption for Offers of Post-seasoning Debentures) Regulations 2016 | <p>Example: The Issuer has met the following eligibility criteria —</p> <ul style="list-style-type: none"> • size test – The Issuer has a market capitalisation of S\$[●] for the past 180 market days. • listing test – The Issuer has been listed on the [Name of exchange] since [date of listing]. • credit test – The Issuer has obtained a credit rating of [●] rating by [Name of Credit Rating Agency]. |

⁴Where the credit rating is a “provisional” or “expected” rating, [Name of the entity in respect of which the debentures are being offered] undertakes to announce the final rating when it is available

THE SCHEDULE — *continued*

| | | | |
|---|--|--|-----|
| Trustee for holders of the Bonds | [•] | Paying Agent/Registrar | [•] |
| Mode of application | Example: <ul style="list-style-type: none"> • Automated teller machines • Brokerage firms • Internet banking • Mobile banking | Opening/closing date(s) and time(s) for application | [•] |

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

- This investment is suitable for you if you:
 - [State return objectives (e.g. capital growth/income/capital preservation) which the investment will be suitable for]
 - [State if the principal investment will be at risk]
 - [State how long investors should be prepared to hold the investment for]
 - [State other key characteristics of the product which will help investors determine whether the investment is suitable for them]

Example:

- The Bonds are suitable for you if you:
 - want regular income at a fixed rate rather than capital growth;
 - want priority in payouts over share dividends in an insolvency situation;
 - are prepared to lose the principal investment if the issuer fails to repay the amount due under the Bonds; and
 - are prepared to hold your investment until maturity or to exit the Bonds only by sale in the secondary market which may be unprofitable or impossible.

THE SCHEDULE — *continued*

| | |
|--|---|
| <p>The Bonds are not secured by any underlying assets and ranks equally with our other unsecured debt (other than debt prioritised by law). You will have the same rights as our other debt obligations in respect of bonds of the same class issued by us. We have previously issued S\$[●] of [●]% debt obligations of the same class as the Bonds on [date].</p> | |
| Key Financial Information | |
| <p><i>[Provide key profit and loss data and cash flows data of the offeror entity in respect of each of the 2 most recent completed financial years and any subsequent interim period for which financial information has been published.]</i></p> <p><i>[Provide also key balance sheet data as at the end of the most recent completed financial year or any subsequent interim period for which financial information has been published. Key financial information should be presented using diagrams (e.g. tables, graphs and charts) where appropriate.]</i></p> <p><i>[Where the offeror entity has one or more subsidiary entities, provide such information in respect of the Issuer Group as a whole. Where the debentures are to be the subject of a guaranteed debenture issue, provide such information in respect of the guarantor entity or, where the guarantor entity has one or more subsidiary entities, provide such information in respect of the Guarantor Group as a whole.]</i></p> <p><i>[In respect of a BT offer or REIT offer, provide instead such information in respect of the business trust or the REIT.]</i></p> | <p>Refer [where applicable] to the “[relevant section]” on page(s) [●] of the [title of offering circular] for more information on our financial performance.</p> |

THE SCHEDULE — *continued*

| Example: | | |
|---|-------------------------------|------------------|
| Key profit and loss information | | |
| | Year ended 31 December | |
| | [Year] | [Year] |
| | S\$('000) | S\$('000) |
| Net revenue | [•] | [•] |
| Profit/(loss) before tax | [•] | [•] |
| Profit/(loss) after tax | [•] | [•] |
| Profit/(loss) after tax including discontinued operations | [•] | [•] |
| Earnings/(loss) per share - Basic | [•] | [•] |
| Earnings/(loss) per share - Diluted | [•] | [•] |
| Key cash flows information | | |
| | Year ended 31 December | |
| | [Year] | [Year] |
| | S\$('000) | S\$('000) |
| Net cash generated from operating activities | [•] | [•] |
| Net cash used in investing activities | [•] | [•] |
| Net cash generated from financing activities | [•] | [•] |
| Net increase/ (decrease) in cash and cash equivalents | [•] | [•] |
| Cash and cash equivalents at end of year/period | [•] | [•] |

THE SCHEDULE — *continued*

| Key balance sheet information | | |
|--|-------------------------------|--|
| | Year ended 31 December | |
| | [Year] | [Year] |
| | S\$(‘000) | S\$(‘000) |
| Total assets | [•] | [•] |
| Total liabilities | [•] | [•] |
| Net assets/(liabilities) | [•] | [•] |
| Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to Have a Material Effect | | |
| <p><i>[Briefly discuss, for at least the current financial year, the offeror entity’s business and financial prospects as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information published or disclosed in the Offering Circular and in the Product Highlights Sheet to be not necessarily indicative of the future operating results or financial condition of the offeror entity. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.]</i></p> <p><i>[Where the offeror entity has one or more subsidiary entities, provide such information in respect of the Issuer Group as a whole. If the debentures are to be the subject of a guaranteed debenture issue, provide the information in respect of the guarantor entity or, where the guarantor entity has one or more subsidiary entities, provide such information in respect of the Guarantor Group as a whole.]</i></p> <p><i>[In respect of a BT offer or REIT offer, provide instead such information in respect of the business trust or the REIT.]</i></p> | | <p>Refer [where applicable] to the “[relevant section]” on page(s) [•] of the [title of the offering circular] for more information on trends and prospects.</p> |

THE SCHEDULE — *continued*

| | |
|--|--|
| <p>Example:</p> <p>For the current financial year, our Directors have observed the following trends, uncertainties, demands, commitments or material events:</p> <ul style="list-style-type: none">(a) the demand for [activity] has increased with the recent growth in [country]’s economy. We expect our revenue from our [business segment] to increase in line with the increase in [activity]; and(b) we expect the upward trend in [activity] to have positive impact on the demand for our [service]. <p>Operating costs are also expected to increase together with the increase in the level of [activity].</p> <p>The above is a summary and these are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to section [relevant section reference] of the [title of offering circular] and the other factors set out in pages [●] to [●] of the [title of offering circular] (where applicable).</p> | |
|--|--|

THE SCHEDULE — *continued*

| Use of Proceeds | | | | | | | | | |
|--|---|---|-----------------------|-----|--|-----|--------------|-----|--|
| <p><i>[Provide information on the estimated amount of proceeds raised from the offer and its intended use. Where there is more than one intended use, information on the use of proceeds should be presented using diagrams (e.g. tables, graphs and charts) where appropriate.]</i></p> <p>Example:</p> <p>The following represents our estimate of the intended use of the estimated amount of proceeds expected to be raised from the Offer.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Details of utilisation</th> <th style="text-align: left; border-bottom: 1px solid black;">S\$ (<i>million</i>)/Allocation for each S\$1.00 of proceeds raised</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Expansion of business</td> <td style="padding: 5px;">[•]</td> </tr> <tr> <td style="padding: 5px;">Working capital and general corporate purposes</td> <td style="padding: 5px;">[•]</td> </tr> <tr> <td style="padding: 5px;">Total</td> <td style="padding: 5px; border-top: 1px solid black;">[•]</td> </tr> </tbody> </table> | Details of utilisation | S\$ (<i>million</i>)/Allocation for each S\$1.00 of proceeds raised | Expansion of business | [•] | Working capital and general corporate purposes | [•] | Total | [•] | <p>Refer [<i>where applicable</i>] to the “[<i>relevant section</i>]” on page(s) [•] of the [<i>title of offering circular</i>] for more information on use of proceeds.</p> |
| Details of utilisation | S\$ (<i>million</i>)/Allocation for each S\$1.00 of proceeds raised | | | | | | | | |
| Expansion of business | [•] | | | | | | | | |
| Working capital and general corporate purposes | [•] | | | | | | | | |
| Total | [•] | | | | | | | | |

THE SCHEDULE — *continued*

| KEY RISKS | |
|--|--|
| <p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</p> <p><i>[Set out a summary of the key risks which had materially affected, or could materially affect (a) the offeror entity's ability to fulfil its obligations to holders of the debentures; (b) the price or value of the debentures, or both (a) and (b) if they occur. If a particular risk falls into multiple categories below, it is sufficient to include the risk under one category. There is no need to repeat the risk in more than one category. There is no need to reproduce the risk factors in the Offering Circular in their entirety and it will be sufficient to include a summary of the nature of the risk and its impact. Where there is a risk that an investor may lose all of his or her initial principal investment, emphasise this with bold or italicised formatting. If the debentures are to be the subject of a guaranteed debenture issue, provide also such information in respect of the guarantor entity.]</i></p> <p><i>[In respect of a BT offer or REIT offer, provide instead such information in respect of the business trust or the REIT.]</i></p> <p>Investing in the Bonds involves substantial risks. Set out below are some of the key risks of investing in the Bonds. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Bonds or your decision to purchase the Bonds. Please refer to the section “Risk Factors” on pages [●] to [●] of the [title of offering circular] for more information on risk factors (where applicable). These risk factors could affect our ability to fulfil our obligations to holders of the Bonds, or the price or value of the Bonds, and may cause you to lose some or all of your investment.</p> | <p>Refer <i>[where applicable]</i> to the “[<i>relevant section</i>]” on page(s) [●] of the [<i>title of offering circular</i>] for more information on risks factors.</p> |

Business-Related Risks

[State the material business-related risks which may affect the investor's investment in the debentures, e.g. risks relating to the industries within which the offeror entity operates, any significant supplier or customer relationships, the offeror entity's properties, assets or equipment, distribution channels, material contracts, key personnel, intellectual property, corporate structure, financing, environmental concerns, or competition etc. If the debentures are to be the subject of a guaranteed debenture issue, provide also the information in respect of the guarantor entity.]

[In respect of a BT offer or REIT offer, provide instead such information in respect of the business trust or the REIT.]

Example:

- We compete against numerous businesses in our industry that may be larger and have greater financial resources. Our ability to compete effectively depends on several factors, including our market presence, our reputation, our competitors, and general trends in the industry and economy. There is no assurance that we can compete successfully.
- A substantial proportion of our revenue is derived from several major customers. Our financial results may be seriously impacted if we lose any of these customers or they reduce their volume of business with us.
- As we are a holding company that conducts substantially all of our business through our operating subsidiaries in [country], we rely on dividends paid by our subsidiaries for our cash needs. Any restrictions on their ability to make payments to us will adversely affect our ability to fund and operate our business.

THE SCHEDULE — *continued*

| Legal, Regulatory and Enforcement Risks | |
|---|--|
| <p><i>[State the material legal, regulatory and enforcement risks which may affect the investor's investment in the debentures e.g. any litigation which may have a material impact on the offeror entity, or legal or regulatory issues faced by the offeror entity etc. If the debentures are to be the subject of a guaranteed debenture issue, provide also such information in respect of the guarantor entity.]</i></p> <p><i>[In respect of a BT offer or REIT offer, provide instead such information in respect of the business trust or the REIT.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • We are appealing to <i>[name of authority]</i> on a ruling against our company regarding a tax dispute between the <i>[inland revenue authority of country]</i> and our company from our operations in <i>[country]</i>. In the event that the appeal is not successful, we may be potentially liable to a fine of up to S\$[●] which could materially and adversely affect our business and results of our operations. | |
| Market and Credit Risks | |
| <p><i>[State the market risks (including currency risks) and credit risks which may affect the traded price of the debentures.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • The Bonds are subject to interest rate risk as the Bonds bear a fixed rate of interest. Subsequent changes in market interest rates may adversely impact the value of the Bonds. Generally, bond prices are inversely related to interest rate movements. A rise in interest rates could see a fall in bond prices. • We may issue additional securities with identical terms that may adversely affect the market price of the Bonds. | |

THE SCHEDULE — *continued*

| Liquidity Risks | |
|---|--|
| <p><i>[State the risks that an investor would face in trying to exit his investment in the debentures.]</i></p> <p>Example:</p> <p>There is no prior market for the Bonds and an active trading market may not develop. In addition, bonds generally have lower liquidity as compared to equity securities. While an application has been made for admission to trade the Bonds on the SGX-ST, there can be no assurance that a liquid market will develop for the Bonds or that you will be able to sell the Bonds at a price that reflects their value.</p> | |
| Other Pertinent Risks | |
| <p><i>[State any other pertinent risks that have not been highlighted in the foregoing sections.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • The Bonds are denominated and traded in USD. Therefore, Singapore investors may lose money if the USD were to depreciate against the SGD. • We may elect to redeem the Bonds before the maturity date for tax reasons in the amount of 100% of the principal plus any accrued interest. You may not realise interest payments extending to the maturity date. Investors who do not hold the Bonds to maturity could suffer a capital loss as a result of market price fluctuations. | |
| DEFINITIONS | |
| <p><i>[Provide definitions if necessary.]</i></p> | |

THE SCHEDULE — *continued***CONTACT INFORMATION****HOW DO YOU CONTACT US?**

[Provide contact details of the offeror entity/trustee-manager of the business trust/manager and trustee of the REIT, distributor(s)/underwriter(s)/arranger(s) and/or lead manager(s) whom investors can contact if they have enquiries. Include a website address and email address, if appropriate. If there is a dedicated hotline, the hotline number can be provided in lieu of the contact details referred to here.]

Made on 18 May 2016.

RAVI MENON
Managing Director,
Monetary Authority of Singapore.

[MCD PMC 028/2016 V1; AG/LEGIS/SL/289/2015/9 Vol. 1]