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SECURITIES AND FUTURES ACT
(CHAPTER 289)

SECURITIES AND FUTURES
(OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES)
(EXEMPTION FROM SUBDIVISIONS (2) AND (3) OF
DIVISION 1 OF PART XIII FOR REIT BONDS)
(AMENDMENT) REGULATIONS 2018

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) (Shares and Debentures) (Exemption from Subdivisions (2) and (3) of Division 1 of Part XIII for REIT Bonds) (Amendment) Regulations 2018 and come into operation on 8 October 2018.

Amendment of regulation 1

2. Regulation 1 of the Securities and Futures (Offers of Investments) (Shares and Debentures) (Exemption from Subdivisions (2) and (3) of Division 1 of Part XIII for REIT Bonds) Regulations 2011 (G.N. No. S 51/2011) (called in these Regulations the principal Regulations) is amended by deleting the words “Shares and Debentures” and substituting the words “Securities and Securities-based Derivatives Contracts”.

Amendment of regulation 2

3. Regulation 2 of the principal Regulations is amended —
(a) by inserting, immediately after the definition of “debentures of a REIT”, the following definitions:

““issue manager”, in relation to an offer of REIT Bonds, means the issue manager of the offer, whether called by that name or any other name (such as a lead manager or an arranger);

“latest practicable date”, in relation to a requirement (in these Regulations) that applies to an offer information statement, means a date that —

(a) is the latest practicable in the context of that requirement; and

(b) is no earlier than 7 days before the date of lodgment of that offer information statement with the Authority;”;

(b) by deleting the definition of “REIT” and substituting the following definition:

““REIT” means a real estate investment trust;”;

(c) by deleting the semi-colon at the end of the definition of “REIT Bond” and substituting a full-stop; and

(d) by deleting the definition of “WAP Phone”.

Amendment of regulation 3

4. Regulation 3(2) of the principal Regulations is amended by deleting the words “(commonly known as the arranger)” in sub-paragraph (h).

Amendment of regulation 4

5. Regulation 4 of the principal Regulations is amended —

(a) by deleting the words “or WAP Phone” in paragraph (1) and in the regulation heading;

(b) by inserting the word “and” at the end of paragraph (2)(a); and

(c) by deleting sub-paragraphs (b), (c) and (d) of paragraph (2) and substituting the following sub-paragraph:

“(b) before enabling a prospective subscriber or purchaser to submit an application to subscribe for or purchase the REIT Bonds, the prospective subscriber or purchaser is informed of the following matters through the automated teller machine:

- (i) how the prospective subscriber or purchaser can obtain, or arrange to receive, a copy of the offer information statement relating to the offer;
- (ii) that the prospective subscriber or purchaser should read the offer information statement before submitting the application.”.

Amendment of regulation 5

6. Regulation 5 of the principal Regulations is amended by deleting the words “a securities exchange” and substituting the words “an approved exchange”.

Amendment of Second Schedule

7. The Second Schedule to the principal Regulations is amended —

(a) by deleting sub-paragraph (i) of paragraph 1(b) of Part I and substituting the following sub-paragraph:

“(i) “This document is important. Before making any investment in the REIT Bonds being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the REIT Bonds being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other

professional adviser. You are responsible for your own investment choices.”;

(b) by deleting sub-paragraph (d) of paragraph 1 of Part I and substituting the following sub-paragraph:

“(d) a statement that an application has been or will be made to an approved exchange to list for quotation or quote the REIT Bonds being offered on that approved exchange, and the name of that approved exchange; and”;

(c) by inserting, immediately after paragraph 4 of Part II, the following paragraphs:

“5. Disclose any conditions precedent and other requirements that are to be satisfied before the trustee, fiscal agent or representative for the holders of the REIT Bonds will —

(a) enforce a lien against the property of the REIT;

(b) act on behalf of the holders of the REIT Bonds; or

(c) take any action at the request of the holders of the REIT Bonds.

6. If, in the reasonable opinion of the directors or equivalent persons of the Manager, the trustee or representative for the holders of the REIT Bonds (called in this paragraph T) has a material relationship with the Manager that could cause a conflict to arise between T’s interest as a trustee or representative for the holders of the REIT Bonds and T’s other interests, describe the nature and terms of such relationship, and explain why the directors or equivalent persons of the Manager still consider the appointment to be appropriate.”;

(d) by deleting paragraph 1 of Part III and substituting the following paragraphs:

“1. State —

(a) where the amount of subscriptions sought is fixed at the date of the lodgment of the offer information statement —

(i) that amount; and

(ii) where applicable, that that amount may be reduced, and how and when the Manager will

inform investors of the final amount of subscriptions sought;

- (b) where the amount of subscriptions sought is not fixed at the date of lodgment of the offer information statement —
 - (i) the range of that amount; and
 - (ii) how and when the Manager will inform investors of the final amount of subscriptions sought;
- (c) the nature and denomination of the REIT Bonds being offered;
- (d) where the number of REIT Bonds being offered is fixed at the date of lodgment of the offer information statement —
 - (i) that number; and
 - (ii) where applicable, that that number may be reduced, and how and when the Manager will inform investors of the final number of REIT Bonds offered;
- (e) where the number of REIT Bonds being offered is not fixed at the date of lodgment of the offer information statement —
 - (i) the range of that number; and
 - (ii) how and when the Manager will inform investors of the final number of REIT Bonds offered;
- (f) the face value of the REIT Bonds being offered; and
- (g) the currency of the issue and, if the issue is payable in any other currency, that fact.

1A. If the amount of the REIT Bonds being offered can be increased, such as by the exercise of an underwriter's over-allotment option or "greenshoe option", state the exercise period of and amount under that option. To avoid doubt, the amount of subscriptions to be stated under paragraph 1(a) or (b) of this Part, and the number of REIT Bonds being offered to be stated under paragraph 1(d) or (e) of this Part, must not include any amount of REIT Bonds being offered that can be increased under such an option.”;

- (e) by deleting paragraphs 1, 2 and 3 (including the headings immediately above paragraphs 1 and 2) of Part IV and substituting the following headings and paragraphs:

“Principal Terms and Conditions

1. Provide the following information on the REIT Bonds being offered:

- (a) where the yield is fixed at the date of lodgment of the offer information statement, that yield and a summary of the method by which that yield is calculated;
- (b) where the yield is not fixed at the date of lodgment of the offer information statement —
 - (i) how and when the final yield will be made known to the investors; and
 - (ii) a statement that subscriptions from investors (other than any institutional investor, relevant person as defined in section 275(2) of the Act, or person who intends to subscribe for the REIT Bonds at a consideration of at least \$200,000) will be accepted only after the final yield is made known to the investors;
- (c) where the nominal interest rate is set at the date of lodgment of the offer information statement —
 - (i) the nominal interest rate;
 - (ii) if the nominal interest rate is a floating rate, how the rate is calculated; and
 - (iii) if several or variable interest rates are provided for, the conditions for changes in the rate; or
- (d) where the nominal interest rate is not set at the date of lodgment of the offer information statement —
 - (i) how and when the Manager will inform the investors of the final nominal interest rate; and
 - (ii) a statement that subscriptions from investors (other than any institutional investor, relevant person as defined in section 275(2) of the Act, or person who intends to subscribe for the REIT Bonds at a consideration of at least \$200,000)

will be accepted only after the nominal interest rate is made known to the investors;

- (e) the issue and redemption prices;
- (f) the date from which interest accrues, and the interest payment dates;
- (g) the procedures for, and validity period of, claims for payment of interest and repayment of the principal sum;
- (h) if the principal sum of, or the interest on, the REIT Bonds is payable in any currency other than the currency of the issue, state that fact;
- (i) where the principal sum of, or the interest on, the REIT Bonds may be paid in more than one currency, indicate —
 - (i) the persons who have the power to determine —
 - (A) the currency or currencies in which payment is to be made; and
 - (B) the applicable currency exchange rates, and
 - (ii) the basis on which each determination in sub-paragraph (i) will be made;
- (j) the final repayment date, whether there is any option for early repayment exercisable by the REIT or the holder of the REIT Bonds, and if there is such an option, the early repayment dates;
- (k) details of the arrangements for the amortisation or early redemption of the REIT Bonds, including the procedures to be adopted;
- (l) a description of any subordination or seniority of the issue to other debts of the REIT already incurred or to be incurred;
- (m) where the rights of the holders of the REIT Bonds will be subordinated to other security holders or creditors —
 - (i) the aggregate amount of outstanding indebtedness that ranks in priority to the REIT

Bonds being offered, as of the latest practicable date; or

- (ii) where there is no limit on the creation of additional indebtedness that ranks in priority to the REIT Bonds being offered, that fact;
- (n) the rights conferred upon the holders of the REIT Bonds, including rights in respect of interest and redemption, and whether these rights may be materially limited or qualified by the rights of any other class of security holders or creditors;
- (o) the particulars of any security, including provisions relating to the release or substitution of the security, if applicable, and where the security is in the form of a fixed asset, any requirement for the maintenance of that asset;
- (p) the particulars of any significant covenant, including those concerning subsequent issues of other forms or series of REIT Bonds;
- (q) a statement as to whether or not the REIT has any right to create any additional charge over any assets subject to a charge to secure the repayment of the REIT Bonds, being an additional charge that will rank in priority to or equally with the charge to secure the repayment of the REIT Bonds, and if there is any such right, particulars of its nature and extent;
- (r) the nature and scope of any guarantee, surety or commitment intended to ensure that the issue will be duly serviced with regard to both the principal sum of and the interest on the REIT Bonds; and the material terms and conditions of any such guarantee, surety or commitment (including all conditions for the application of that guarantee, surety or commitment);
- (s) any legislation under which the REIT Bonds have been created, and the governing law and the competent courts in the event of any litigation;
- (t) definition of events constituting defaults, the remedies available in the event of a default, and the effect of a default on the acceleration of the maturity of the REIT Bonds;

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- (u) information on when holders of the REIT Bonds are able to take action to enforce their claims;
 - (v) the procedures and actions to be taken by the Manager, guarantor entity, trustee, fiscal agent or any other representative for the holders of the REIT Bonds (as the case may be) in the event of a default or potential event of default, including —
 - (i) the communication plans with the holders of the REIT Bonds;
 - (ii) whether any meeting of the holders of the REIT Bonds will be convened by the Manager, guarantor entity, trustee, fiscal agent or any other representative for the holders of the REIT Bonds;
 - (iii) whether the trustee, fiscal agent or any other representative for the holders of the REIT Bonds is bound to take steps to ascertain whether there is an event of default or a potential event of default; and
 - (iv) the conditions to be fulfilled in order for the trustee or any other representative for the holders of the REIT Bonds to take action on behalf of those holders or at the request of those holders, including any threshold of approval or instruction and any pre-funding or indemnification requirement;
 - (w) provisions setting out how the terms and conditions of the REIT Bonds, or the rights of the holders of the REIT Bonds, may be modified;
 - (x) the consequences of any failure to make payments that does not constitute an event of default, and the remedies available (under the terms of the REIT Bonds or the applicable law) for any such action.

Credit Rating

2. If the REIT, its guarantor entity or the REIT Bonds being offered have been given a credit rating by a credit rating agency, disclose —

- (a) the name of the credit rating agency;

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- (b) the credit rating (including whether it is a short-term or a long-term credit rating);
 - (c) whether any fee or benefit of any kind has been paid by the REIT, its guarantor entity or any of their related parties to the credit rating agency, in consideration for the credit rating assessment; and
 - (d) the date on which the credit rating was given.

3. If a credit rating is disclosed under paragraph 2, provide the following information:

- (a) a statement whether the credit rating is current as of the date of lodgment of the offer information statement;
- (b) a statement that the credit rating is not a recommendation to invest in the REIT Bonds, and that investors should perform their own evaluation as to whether the investment is appropriate;
- (c) a statement that the credit rating may be revised or withdrawn at any time;
- (d) a statement that the credit rating is a statement of opinion;
- (e) a statement on the specific source or sources (each being a source available to the public) where the following information can be obtained:
 - (i) the rating methodology used by the credit rating agency to provide the credit rating;
 - (ii) the relative ranking of the credit rating;
 - (iii) an explanation of the meaning and limitations of the credit rating;
 - (iv) if the credit rating is a “preliminary”, “provisional” or “expected” rating, the status of that designation and its implications on the REIT, its guarantor entity or the REIT Bonds being offered;
- (f) if the credit rating is a “preliminary”, “provisional” or “expected” rating, a statement undertaking to announce the final rating when it is available;

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- (g) if the credit rating is below that of BBB by Fitch Ratings, Baa by Moody's Investors Service, BBB by Standard and Poor's Ratings Services, or an equivalent rating by any other credit rating agency, provide the following statement:

“This rating is a non-investment grade credit rating.”.

3A. If all of the REIT, its guarantor entity and the REIT Bonds being offered have not been given a credit rating by a credit rating agency, state that fact, and provide a statement that not having a credit rating means that no independent assessment by a credit rating agency of the default risk of the REIT, its guarantor entity and the REIT Bonds being offered has been made.”;

- (f) by deleting paragraphs 12 and 13 of Part IV and substituting the following paragraph:

“12. If any material part of the proceeds raised from the offer will be used, directly or indirectly, to acquire or refinance the acquisition of any asset, business or entity, briefly describe the asset, business or entity and state its purchase price. Provide information on the status of the acquisition and the estimated completion date. Where funds have already been expended for the acquisition, state the amount that has been paid by the Manager as at the latest practicable date. If the asset, business or entity has been or will be acquired from an interested party specified by the Authority in the Code of Collective Investment Scheme, identify the interested party and state how the cost of the asset, business or entity to the REIT is or will be determined, and whether the acquisition is on an arm's length basis.”;

- (g) by deleting sub-paragraph (g) of paragraph 16 of Part IV and substituting the following sub-paragraph:

“(g) a brief summary of each material contract (other than a contract entered into in the ordinary course of business) that could result in the trustee of the REIT (acting in its capacity as trustee of the REIT) being under an obligation or entitlement that is material to the ability of the REIT to meet its obligations to holders of the REIT Bonds.”;

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- (h) by inserting, immediately after paragraph 1 of Part V, the following paragraph:

“1A. Despite paragraph 1 of this Part, where —

- (a) unaudited financial statements of the REIT have been published in respect of the most recently completed financial year; and
- (b) the audited financial statements for that year are unavailable,

the data mentioned in paragraph 1 of this Part in respect of the most recently completed financial year may be provided from those unaudited financial statements, if the directors or equivalent persons of the Manager include in the offer information statement a statement that to the best of their knowledge, they are not aware of any reason that could cause the unaudited financial statements to be significantly different from the audited financial statements for the most recently completed financial year.”;

- (i) by deleting paragraph 5 of Part V and substituting the following paragraph:

“5. Provide a statement by the Manager as to whether, in its reasonable opinion, the working capital available to the REIT, as at the date of lodgment of the offer information statement, is sufficient for at least the next 12 months and, if insufficient, how the additional working capital considered by the Manager to be necessary is proposed to be provided. When ascertaining whether working capital is sufficient, any financing facilities that are not available as at the date of lodgment of the offer information statement must not be included, but net proceeds from the offer may be taken into account if the offer is fully underwritten. Where the offer is not fully underwritten, minimum net proceeds may be included only if it is an express condition of the offer that minimum net proceeds are to be raised, and that the application moneys will be returned to investors if the minimum net proceeds are not raised.”;

- (j) by deleting paragraph 7 of Part V and substituting the following paragraphs:

“7. Where there has been a material adverse change in the business and financial prospects since the end of the period covered by the most recent financial statements included in the

offer information statement (whether such financial statements are annual financial statements or interim financial statements), provide details of this material adverse change. If there has been no material adverse change, provide an appropriate statement to that effect.

7A. Discuss any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on revenues, net property income, profitability, liquidity or capital resources for at least the current financial year, or that may cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition of the REIT. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.”;

- (k) by deleting paragraph 1 of Part VI and substituting the following paragraphs:

“1. Where the REIT Bonds are offered at a discount or premium, state the discount or premium.

1A. Indicate the amount of any expense specifically charged to the subscriber or purchaser of the REIT Bonds being offered.”;

- (l) by deleting the words “securities exchange” wherever they appear in paragraph 4 of Part VI and substituting in each case the words “approved exchange”;

- (m) by inserting, immediately after paragraph 5 of Part VII, the following heading and paragraph:

“Documents for Inspection

5A. Provide a statement that for a period of at least 6 months after the date of lodgment of the offer information statement, the trust deed, fiscal agency agreement or any other document constituting the REIT Bonds (or a copy of the trust deed, fiscal agency agreement or other document) may be inspected by any person at a specified place in Singapore.”;

- (n) by inserting, immediately after the word “securities,” wherever it appears in paragraphs 1 and 2(a), (e), (f) and (g) of Part IX, the words “securities-based derivatives contracts,”; and

(o) by inserting, immediately after paragraph 2 of Part IX, the following heading and paragraph:

“Business and Financial Prospects

3. Discuss the business and financial prospects of the REIT for the next 12 months after the latest practicable date.”.

Made on 4 October 2018.

RAVI MENON
Managing Director,
Monetary Authority of Singapore.

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