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INCOME TAX ACT (CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR FINANCIAL SECTOR INCENTIVE COMPANIES) REGULATIONS 2017

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation and commencement
 2. Definitions
 3. Application
 4. Financial sector incentive companies
 5. 13.5% tax payable on qualifying income of financial sector incentive (standard tier) company
 - 5A. 12% tax payable on qualifying income of financial sector incentive (trustee companies) company
 6. 10% tax payable on qualifying income of financial sector incentive (headquarter services) company
 7. 10% tax payable on qualifying income of financial sector incentive (fund management) company
 8. 5% tax payable on qualifying income of financial sector incentive company
 9. Determination of income chargeable with tax
 10. Deduction, etc., where activity subject to 2 concessionary tax rates
 11. Financial sector incentive company to maintain records
 - First Schedule — Activities of financial sector incentive (standard tier) companies income from which qualifies for 13.5% tax rate
 - Second Schedule — Prescribed processing services
 - Third Schedule — ConditionsThe Schedules
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In exercise of the powers conferred by section 43Q of the Income Tax Act, the Minister for Finance makes the following Regulations:

Citation and commencement

1. These Regulations are the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2017 and come into operation on 1 June 2017.

Definitions

2.—(1) In these Regulations, unless the context otherwise requires —

“approved 1st tier SPV”, in relation to an approved master-feeder fund-SPV structure or an approved master fund-SPV structure, means a special purpose vehicle —

- (a) that is wholly owned by the master fund of the structure;
- (b) that is approved under section 13X of the Act; and
- (c) to which the tax exemption under that section applies;

“approved 2nd tier SPV”, in relation to an approved master-feeder fund-SPV structure or an approved master fund-SPV structure, means a special purpose vehicle —

- (a) that is wholly owned by an approved 1st tier SPV of the structure;
- (b) that is approved under section 13X of the Act; and
- (c) to which the tax exemption under that section applies;

“approved company” means an approved company to which the tax exemption under section 13R of the Act applies;

“approved feeder fund” means a company, trust fund or limited partnership —

- (a) that invests its funds substantially and directly through only one approved master fund; and

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- (b) that is approved under section 13X of the Act, where the tax exemption under that section applies to the company, the trustee of the trust fund or the partners of the limited partnership;
- “approved master-feeder fund structure” means a master-feeder fund structure approved under section 13X of the Act;
- “approved master-feeder fund-SPV structure” means a master-feeder fund-SPV structure approved under section 13X of the Act;
- “approved master fund-SPV structure” means a master fund-SPV structure approved under section 13X of the Act;
- “approved master fund” means a company, trust fund or limited partnership —
- (a) that enables investors to invest funds in one or more underlying investments that are managed by a fund manager; and
- (b) that is approved under section 13X of the Act, where the tax exemption under that section applies to the company, the trustee of the trust fund or the partners of the limited partnership;
- “approved person” means an approved person to which the tax exemption under section 13X of the Act applies;
- “commodity derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying commodity;
- “corporate futures member” means a futures member of the Singapore Exchange whose membership is of a class or description known as “corporate membership”;
- “debt securities” has the same meaning as in section 43N of the Act;
- “emission derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of underlying emission allowances;

“financial derivatives” means derivatives the payoffs of which are linked, whether in whole or in part, to the payoffs or performance of any financial assets, securities, financial instruments or indices, but excludes derivatives the payoffs of which are wholly linked to the payoffs or performance of commodities;

“financial sector incentive (capital market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (credit facilities syndication) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (derivatives market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (fund management) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (headquarter services) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (standard tier) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (trustee companies) company” means a company approved as such under section 43Q of the Act;

[S 111/2019 wef 01/06/2017]

“freight derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying freight rates;

“futures member of the Singapore Exchange” means any company which holds membership of any class or description of a futures market, or of a clearing house for the futures market, maintained by the Singapore Exchange Limited or any of its subsidiaries;

“guarantee facility” means any facility where guarantees or letters of credit are made available to and issued in favour of a

bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

“incidental physical trading” means trading by a financial sector incentive (derivatives market) company —

(a) in any commodity with any person on a spot or forward basis; and

(b) in connection with and incidental to the trading by that company in any commodity derivatives, whether transacted over-the-counter or on an exchange, with that or any other person,

where the intention of the parties at the time of the transaction in relation to the commodity is that actual delivery of the commodity is required (whether or not the delivery is actually made);

“prescribed asset or project” means an infrastructure asset or project prescribed in regulation 5 of the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (G.N. No. S 315/2008);

“prescribed person” means a person prescribed in regulation 2 of the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 6/2010) to which the tax exemption under section 13CA of the Act applies;

“qualifying debt securities” has the same meaning as in section 13(16) of the Act;

“securities lending or repurchase arrangement” has the same meaning as in section 10N of the Act;

“special purpose vehicle” has the same meaning as in section 13X(5) of the Act.

(2) A reference in these Regulations to an approving authority is a reference to such person as the Minister may appoint for the purposes of the provision in which that reference appears.

Application

3. These Regulations apply to a financial sector incentive company —

- (a) where the effective date of its approval as such; or
- (b) where the effective date of the extension of its approval as such,

is 1 June 2017 or later.

[S 111/2019 wef 01/06/2017]

Financial sector incentive companies

4.—(1) For the purposes of section 43Q of the Act and these Regulations, a financial sector incentive company may be approved as one of the following:

- (a) a financial sector incentive (capital market) company;
- (b) a financial sector incentive (credit facilities syndication) company;
- (c) a financial sector incentive (derivatives market) company;
- (d) a financial sector incentive (fund management) company;
- (e) a financial sector incentive (headquarter services) company;
- (f) a financial sector incentive (standard tier) company;
[S 111/2019 wef 01/06/2017]
- (g) a financial sector incentive (trustee companies) company.
[S 111/2019 wef 01/06/2017]

(2) A company must not be approved as a financial sector incentive company if the company —

- (a) is not licensed or approved by the Monetary Authority of Singapore, or is exempt from such licensing or approval, under any Act; and
- (b) provides treasury, investment or financial services in Singapore for any of its offices or its associated companies.

(3) Despite paragraph (2), a company may be approved as a financial sector incentive (fund management) company if —

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- (a) the company is exempt from holding a capital markets services licence for fund management under the Securities and Futures Act (Cap. 289); and
 - (b) the company provides treasury, investment or financial services in Singapore for any of its offices or its associated companies.

[S 111/2019 wef 01/06/2017]

(4) Despite paragraph (2), a company may be approved as a financial sector incentive (headquarter services) company if —

- (a) the company provides treasury, investment or financial services in Singapore for any of its offices or its associated companies; and
- (b) the company —
 - (i) directly or indirectly wholly owns, or is directly or indirectly wholly-owned by, another company in Singapore that is licensed or approved by the Monetary Authority of Singapore under any written law administered by the Monetary Authority of Singapore; or
 - (ii) directly or indirectly wholly owns, or is directly or indirectly wholly-owned by, another company outside Singapore that is licensed or approved under any written law administered by the financial supervisory authority of the other company.

[S 111/2019 wef 01/06/2017]

(5) Subject to paragraph (7), the Minister or approving authority may, subject to such conditions as the Minister or approving authority may impose, approve a company as a financial sector incentive company.

[S 111/2019 wef 01/06/2017]

(5A) Subject to paragraph (6A), a company may be approved as a financial sector incentive company more than once.

[S 111/2019 wef 01/06/2017]

(5B) Each period of approval is 5 years.

[S 111/2019 wef 01/06/2017]

(6) Subject to paragraph (7), the Minister or approving authority may, subject to such conditions as the Minister or approving authority may impose, extend the approval granted before 1 June 2017 of a company as a financial sector incentive company, for a period of 5 years.

(6A) A company may only be approved as a financial sector incentive (trustee companies) company for a single period of 5 years.

[S 111/2019 wef 01/06/2017]

(7) No approval or extension of any approval may be given or made on or after 1 January 2019.

13.5% tax payable on qualifying income of financial sector incentive (standard tier) company

5.—(1) Tax is payable at the rate of 13.5% on the following income of a financial sector incentive (standard tier) company:

- (a) income from any of the activities specified in the First Schedule;
- (b) interest from any deposit held by the company as a corporate futures member as a margin for any transaction in relation to any activity mentioned in paragraph 1(e), (g) or (h) of the First Schedule.

[S 111/2019 wef 01/06/2017]

(2) Unless the Minister or approving authority otherwise determines, paragraph (1) does not apply to the following income in the circumstances mentioned in paragraph (3):

- (a) any interest derived from qualifying debt securities issued during the period from 10 May 1999 to 31 December 2018 (both dates inclusive);
- (b) any discount from qualifying debt securities issued during the period from 17 February 2006 to 31 December 2018 (both dates inclusive);
- (c) any amount payable from Islamic debt securities which are qualifying debt securities, and issued during the period from 1 January 2005 to 31 December 2018 (both dates inclusive);

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- (d) any prepayment fee, redemption premium or break cost from qualifying debt securities issued during the period from 15 February 2007 to 31 December 2018 (both dates inclusive).
- (3) The circumstances mentioned in paragraph (2) are —
- (a) 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities; and
- (b) either —
- (i) the financial sector incentive (standard tier) company is a related party of the issuer of those securities; or
- (ii) the funds used by the financial sector incentive (standard tier) company to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.
- (4) Paragraph (1) does not apply to any income derived by a financial sector incentive (standard tier) company from any qualifying debt securities issued during the applicable period mentioned in paragraph (2), if the issuer of such securities, or such other person as the Monetary Authority of Singapore may direct, has not furnished to the Monetary Authority of Singapore in respect of the issue of those securities —
- (a) a return on those securities within such period as the Monetary Authority of Singapore may specify; and
- (b) such other particulars in connection with those securities as the Monetary Authority of Singapore may require.
- (5) In this regulation, “break cost”, “prepayment fee”, “redemption premium” and “related party” have the same meanings as in section 13(16) of the Act.

[S 111/2019 wef 01/06/2017]

12% tax payable on qualifying income of financial sector incentive (trustee companies) company

5A.—(1) Tax is payable at the rate of 12% on the income of a financial sector incentive (trustee companies) company from the provision of any of the following services:

- (a) trustee or custodian services in its capacity as a trustee of a trust;
- (b) trustee or custodian services in respect of bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments;
- (c) trust management or administration services to —
 - (i) a trustee of a trust; or
 - (ii) a holding company of a trust that is administered by a trustee company in Singapore;
- (d) trustee services in respect of the issue of units of a collective investment scheme, or of a business trust;
- (e) custodian services in respect of —
 - (i) debt securities;
 - (ii) equity securities;
 - (iii) units in a collective investment scheme; or
 - (iv) units in a business trust.

(2) In this regulation, “holding company”, in relation to a trust, means a company —

- (a) which is set up to hold the assets of the trust;
- (b) whose operations consist solely of trading in or making investments for the purpose of the trust; and
- (c) whose shares are all held by the trustees of the trust, or by their nominee.

[S 111/2019 wef 01/06/2017]

10% tax payable on qualifying income of financial sector incentive (headquarter services) company

6.—(1) Tax is payable at the rate of 10% on the income of a financial sector incentive (headquarter services) company derived from the provision of any of the following services, to any approved office of the financial sector incentive (headquarter services) company or any approved person:

- (a) general management, risk management and administration;
- (b) strategic business planning and strategic business development;
- (c) operational processing services;
- (d) information technology support and technical services;
- (e) training and personnel management;
- (f) corporate finance advisory services;
- (g) economic, financial, investment or market research and analysis;
- (h) credit control and administration;
- (i) arranging credit facilities for the approved office where the funds for providing the facilities are obtained from —
 - (i) financial institutions in Singapore; or
 - (ii) the accumulated profits of other approved offices;
- (j) providing guarantees, performance bonds, standby letters of credit and services relating to remittances where —
 - (i) in the case of a guarantee, performance bond or standby letter of credit, the party in whose favour the facility is issued; and
 - (ii) in the case of services relating to remittances, the person to whom the remittances are made, is a financial institution;

(k) arranging interest rate or currency swaps with a financial institution;

(l) managing the funds of the approved office.

(2) Tax is payable at the rate of 10% on the income of a financial sector incentive (headquarter services) company derived from the provision of any prescribed processing services in Singapore to any financial institution or another financial sector incentive (headquarter services) company.

(3) In this regulation —

“approved office”, in relation to a financial sector incentive (headquarter services) company, means an office or associated company of the financial sector incentive (headquarter services) company, whether in or outside Singapore, that is approved by the Minister or approving authority;

“approved person”, in relation to a financial sector incentive (headquarter services) company, means a person, whether in or outside Singapore, that is not an approved office of the financial sector incentive (headquarter services) company, and that is approved by the Minister or approving authority for the purposes of this regulation;

“associated company”, in relation to a financial sector incentive (headquarter services) company, means a company —

(a) the operations of which are or can be controlled, directly or indirectly, by that financial sector incentive (headquarter services) company;

(b) that controls or can control, directly or indirectly, the operations of that financial sector incentive (headquarter services) company; or

(c) the operations of which are or can be controlled, directly or indirectly, by a person or persons that control or can control, directly or indirectly, the operations of that financial sector incentive (headquarter services) company;

“financial institution” means —

- (a) any institution in Singapore that is licensed or approved by the Monetary Authority of Singapore, or exempt from such licensing or approval, under any written law administered by the Monetary Authority of Singapore; or
- (b) any institution outside Singapore that is licensed or approved, or exempt from such licensing or approval, by its financial supervisory authority for the carrying on of financial activities;

“prescribed processing services” means any of the services specified in the Second Schedule.

(4) For the purpose of the definition of “associated company” in paragraph (3) —

- (a) a company is treated as controlling, directly or indirectly, the operations of a financial sector incentive (headquarter services) company if the company beneficially owns, directly or indirectly, at least 25% of the total number of the issued shares of the financial sector incentive (headquarter services) company; and
- (b) a financial sector incentive (headquarter services) company is treated as controlling, directly or indirectly, the operations of another company if the financial sector incentive (headquarter services) company beneficially owns, directly or indirectly, at least 25% of the total number of the issued shares of that company.

10% tax payable on qualifying income of financial sector incentive (fund management) company

7. Tax is payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived from the following activities:

- (a) managing the funds of the following persons:
 - (i) a prescribed person;

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- (ii) an approved company;
 - (iii) an approved person;
 - (iv) the approved master fund or an approved feeder fund of an approved master-feeder fund structure;
 - (v) the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure;
 - (vi) the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure;
- (b) providing investment advisory services (including through another fund manager) to the following persons:
- (i) a prescribed person;
 - (ii) an approved company;
 - (iii) an approved person;
 - (iv) the approved master fund or an approved feeder fund of an approved master-feeder fund structure;
 - (v) the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure;
 - (vi) the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure.

5% tax payable on qualifying income of financial sector incentive company

8.—(1) Tax is payable at the rate of 5% on the income derived by a financial sector incentive (credit facilities syndication) company from the following activities:

- (a) arranging, underwriting, or granting loans under, a syndicated facility that is a credit facility or a guarantee facility, if —

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- (i) the agreement for the facility is made on or after 1 January 2004; and
 - (ii) the conditions in the Third Schedule are satisfied;
 - (b) if the financial sector incentive (credit facilities syndication) company is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), trading in secondary loans under a syndicated facility that is a credit facility or a guarantee facility, if —
 - (i) the agreement for the facility is made on or after 1 January 2004; and
 - (ii) the conditions in the Third Schedule are satisfied;
 - (c) arranging, underwriting or granting a loan, after the loan has become a syndicated facility, if —
 - (i) at the time of signing of the initial loan agreement, there exists a clear intention by the arranger, underwriter or agent bank of the loan to syndicate the loan as a syndicated facility within 6 months from the date of the signing of that agreement;
 - (ii) the loan agreement becomes an agreement for a syndicated facility on or after 1 May 2009; and
 - (iii) the conditions in the Third Schedule are satisfied;
 - (d) providing project finance advisory services in connection with a syndicated facility relating to any prescribed asset or project.
- (2) Tax is payable at the rate of 5% on the income derived by a financial sector incentive (capital market) company from the following activities:
- (a) trading or investing in, or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities under a securities lending or repurchase arrangement) in respect of —

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- (i) debt securities; or
 - (ii) stocks, shares, or other equity securities issued by a company, a collective investment scheme or a business trust;
- (b) providing services for the purpose of a listing on the Singapore Exchange to a company.
- (3) Tax is payable at the rate of 5% on the income derived by a financial sector incentive (derivatives market) company from the following activities:
- (a) trading in, or providing services as an intermediary in connection with transactions relating to financial derivatives, commodity derivatives, emission derivatives or freight derivatives;
 - (b) incidental physical trading, but subject to paragraph (6).
- (4) Paragraph (1)(a) does not apply to any income derived from —
- (a) the holding of any bonds, notes, certificates of deposit or other instruments of indebtedness (not being an agreement for a loan or advance, guarantee or letter of credit) as a result of arranging, underwriting, or granting loans under, a syndicated facility; or
 - (b) the sale of such bonds, notes, certificates of deposit or other instruments of indebtedness (not being an agreement for a loan or advance, guarantee or letter of credit).
- (5) Paragraph (1)(c) does not apply if the financial sector incentive (credit facilities syndication) company fails to syndicate the facility as a syndicated facility within 6 months from the date of the signing of the initial loan agreement.
- (6) For the purposes of paragraph (3)(b), where, in a relevant year of assessment, the volume of the incidental physical trading of the financial sector incentive (derivatives market) company exceeds 15% of the total volume of its incidental physical trading and trading in commodity derivatives, whether transacted over-the-counter or on an exchange, the concessionary rate of tax only applies to a portion of

the income derived from the incidental physical trading that is calculated in accordance with the formula $\frac{A}{B} \times C$, where —

- (a) A is 15% of the total volume of incidental physical trading and trading in commodity derivatives (whether transacted over-the-counter or on an exchange) in that year of assessment;
- (b) B is the total volume of all incidental physical trading in that year of assessment; and
- (c) C is the total income derived from all incidental physical trading in that year of assessment.

Determination of income chargeable with tax

9. Subject to regulation 10, for the purposes of regulations 5 to 8, the Comptroller must determine —

- (a) the chargeable income of the financial sector incentive company having regard to such expenses, capital allowances and donations allowable under the Act as are, in the Comptroller's opinion, to be deducted in ascertaining such income; and
- (b) the manner and extent to which any loss arising from the activities specified in those regulations may be deducted under the Act in ascertaining the chargeable income of the company.

Deduction, etc., where activity subject to 2 concessionary tax rates

10.—(1) This regulation applies where income of a financial sector incentive company from an activity is subject to 2 different concessionary rates of tax under these Regulations for the same period (called in this regulation the common period), and either —

- (a) the income from that activity for a part of the common period has been charged to tax at one of those rates; or
- (b) the capital allowance, losses or donations that are attributable or apportioned to that activity have been deducted against income of the company —

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- (i) derived during a part of the common period; and
 - (ii) that has been charged to tax under these Regulations at one of those rates.

(2) In ascertaining the income of the company under regulation 9 for any remaining part of the common period (called in this regulation the remaining period) —

- (a) any expenses, capital allowances, losses and donations that are attributable or apportioned to that activity, and that are allowable under the Act against income in the remaining period, may only be deducted against income of the company in the remaining period that is subject to the rate at which the income mentioned in paragraph (1)(a) or (b) has been charged to tax (called in this regulation the initial rate); but
- (b) any part of those expenses, capital allowances, losses and donations that remain unabsorbed are considered unabsorbed capital allowances, losses and donations in respect of the company's income that is subject to the initial rate, and may be deducted against any other income of the company in the remaining period and in accordance with section 37B of the Act (if applicable).

(3) The deduction of unabsorbed capital allowances, losses and donations under paragraph (2)(b) against other income of the company is subject to the conditions by which unabsorbed capital allowances, losses and donations may be carried forward for deduction against income under sections 23 and 37 of the Act (if applicable).

(4) Despite anything in these Regulations, in a case mentioned in paragraph (1)(b), tax is payable at the initial rate on the income of the company derived from that activity for the remaining period, and not at the other concessionary rate of tax mentioned in paragraph (1).

Financial sector incentive company to maintain records

11. A financial sector incentive company must keep and maintain such records, as may be required by the Minister or approving

authority for the purposes of these Regulations, of the particulars of every settlor and every beneficiary or unit holder, as the case may be, of every trust in respect of which it provides its services.

FIRST SCHEDULE

Regulation 5(1)

ACTIVITIES OF FINANCIAL SECTOR INCENTIVE (STANDARD TIER) COMPANIES INCOME FROM WHICH QUALIFIES FOR 13.5% TAX RATE

1. The income of a financial sector incentive (standard tier) company that qualifies for the rate of tax of 13.5% is that derived from any of the following activities:

- (a) in a case where the company is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186) —
 - (i) transacting in loans (other than by way of bonds or debentures) with a body of persons, trust, company or firm;
 - (ii) providing services in respect of loans (other than by way of bonds or debentures);
 - (iii) transacting with any bank or branch office in respect of any of the following:
 - (A) placement of funds;
 - (B) bankers' acceptances on bills relating to trade transactions;
 - (C) bills relating to trade transactions;
 - (D) negotiable certificates of deposit;
 - (iv) transacting in, or providing services relating to, trade transactions or remittances;
 - (v) transacting in, or providing services relating to, bank guarantees or performance bonds;
 - (vi) any activity mentioned in sub-paragraphs (i) to (v), if both of the following conditions are satisfied:
 - (A) the activity is endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law;
 - (B) the activity is structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;

FIRST SCHEDULE — *continued*

- (b) trading in loans and their related collaterals (excluding immovable property);
- (c) trading or investing in, or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities under a securities lending or repurchase arrangement) in respect of —
 - (i) debt securities;
 - (ii) stocks, shares, or other equity securities issued by a company, a collective investment scheme or a business trust;
- (d) providing services for the purpose of a listing on the Singapore Exchange to a company;
- (e) foreign exchange transactions;
- (f) providing services as an intermediary in connection with transactions relating to derivatives;
- (g) trading in derivatives;
- (h) transacting in or providing services in respect of gold bullion, silver bullion or platinum bullion;
- (i) managing the funds of, or providing investment advisory services (including through another fund manager) to, the following persons:
 - (i) a prescribed person;
 - (ii) an approved company;
 - (iii) an approved person;
 - (iv) the approved master fund or an approved feeder fund of an approved master-feeder fund structure;
 - (v) the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure;
 - (vi) the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure;
- (j) providing advisory services relating to financial matters (other than investment advisory services in respect of fund management);
- (k) providing trustee or custodian services in its capacity as a trustee of a trust;

FIRST SCHEDULE — *continued*

- (l) providing trustee services in respect of bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments;
- (m) providing trustee services in respect of the issue of units of —
 - (i) a collective investment scheme; or
 - (ii) a business trust;
- (n) providing trust management or administration services to any trustee of a trust;
- (o) in a case where the company is a fund manager, from any activity mentioned in sub-paragraph (i), where the activity is endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law.

[S 111/2019 wef 01/06/2017]

SECOND SCHEDULE

Regulation 6(3)

PRESCRIBED PROCESSING SERVICES

1. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to treasury and securities:

- (a) account opening documentation services;
- (b) agreement maintenance and support services;
- (c) cash management services;
- (d) corporate action processing services;
- (e) monitoring of counterparty limits services;
- (f) funds and net asset value accounting services;
- (g) portfolio valuation services;
- (h) pre-settlement confirmation and matching services;
- (i) securities borrowing and lending processing services;
- (j) settlement and reconciliation services.

2. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to asset management:

SECOND SCHEDULE — *continued*

- (a) benchmark tracking and monitoring services;
- (b) central dealing services;
- (c) credit administration services;
- (d) funds and net asset value accounting services;
- (e) monitoring of counterparty limits services;
- (f) monitoring of investment restrictions services;
- (g) portfolio performance monitoring and measurement services;
- (h) portfolio valuation services;
- (i) registrar, listing agent, and paying agent services;
- (j) settlement and reconciliation services;
- (k) transfer agency services.

3. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to private banking:

- (a) administration and monitoring of credit facilities services;
- (b) foreign exchange settlement services;
- (c) funds and net asset value accounting services;
- (d) monitoring of investment limits and restrictions services;
- (e) personal and corporate trust servicing services;
- (f) settlement and reconciliation services.

4. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to wholesale banking:

- (a) cash management services;
- (b) collateral management services;
- (c) loan administration and monitoring of credit facilities services;
- (d) product control services;
- (e) securities borrowing and lending processing services;
- (f) trade finance and clearing operation services;
- (g) trade settlement and reconciliation services;

SECOND SCHEDULE — *continued*

(h) trade support services.

5. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to retail banking:

- (a) credit control services;
- (b) evaluation services of applications for financial products including credit cards, loans and bank assurance;
- (c) fraud control services;
- (d) monitoring services of investment and insurance activities;
- (e) settlement and reconciliation services.

6. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to insurance:

- (a) claims management and processing services;
- (b) loss adjusting services;
- (c) policy issuance, processing, administration, renewal and collection services;
- (d) risk modelling and related services;
- (e) run-off management and related services.

7. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with and incidental to its provision of any of the services mentioned in paragraphs 1 to 6:

- (a) compliance and legal support services;
- (b) financial control and accounting services;
- (c) information technology services;
- (d) management information and reporting services;
- (e) risk management services.

THIRD SCHEDULE

Regulation 8(1)

CONDITIONS

1. The conditions for the purpose of regulation 8(1)(a) and (b) are as follows:
 - (a) the facility is a syndicated facility as determined in accordance with paragraph 3;
 - (b) the syndication work in respect of the facility is carried out substantially in Singapore, as determined in accordance with paragraph 4;
 - (c) the agent bank of the facility has submitted to the Comptroller within such time as may be specified by the Comptroller —
 - (i) a return on the facility and a declaration from the arrangers of the facility that the facility is a syndicated facility; and
 - (ii) such other information or particulars as may be required by the Comptroller.
2. The conditions for the purpose of regulation 8(1)(c) are as follows:
 - (a) at the time of the signing of the initial agreement for the facility, the arranger, underwriter or agent bank of the facility intends to syndicate the loan facility as a syndicated facility within the meaning of paragraph 3 within 6 months from the date of the signing of that agreement;
 - (b) all the lenders in the syndicated facility are reflected as lenders of records in the records of the arrangers or agent bank;
 - (c) the syndication work in respect of the facility will be and is carried out substantially in Singapore, as determined in accordance with paragraph 4;
 - (d) the agent bank of the facility submits to the Comptroller within such time and in such form as may be specified by the Comptroller —
 - (i) a return on the facility and a declaration from the arrangers of the facility that the facility is a syndicated facility; and
 - (ii) such other information or particulars as may be required by the Comptroller.
3. A facility is treated as a syndicated facility if the following conditions are satisfied:
 - (a) the total amount of the facility is at least US\$20 million or the equivalent in another currency;

THIRD SCHEDULE — *continued*

- (b) the facility is documented as one agreement;
- (c) either —
 - (i) the facility has at least 3 lenders and, where there are fewer than 5 lenders, each lender has a share of at least 10% of the total amount of the facility; or
 - (ii) in the case of a facility that provides a guarantee or letter of credit in addition to the provision of loans, advances or funds —
 - (A) the facility complies with sub-paragraph (i); or
 - (B) there are at least 3 issuers of the guarantee or letter of credit and, where there are fewer than 5 issuers, each issuer's undertaking represents at least 10% of the total amount of the facility;
- (d) the funds of the facility have not been, and are not intended to be used to finance or refinance previous borrowings used to finance immovable properties (other than a prescribed asset or project).

4. The syndication work in respect of a facility is treated as being carried out substantially in Singapore if all of the following functions are carried out by a bank licensed under the Banking Act (Cap. 19), a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), or a financial sector incentive (credit facilities syndication) company holding a capital markets services licence under the Securities and Futures Act (Cap. 289) to deal in securities, or that is exempt under that Act from holding such a licence:

- (a) originating and structuring of the facility;
- (b) running the book;
- (c) facility documentation;
- (d) facility agency.

Made on 15 May 2017.

TAN CHING YEE
*Permanent Secretary,
Ministry of Finance,
Singapore.*

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