



Circular No. CMD 01/2010

21 October 2010

[To All Holders of Capital Markets Services Licence]

[To All Holders of Financial Advisers Licence]

[To All Exempt Capital Markets Services]

[To All Exempt Financial Advisers]

Dear Sir

**ISSUE OF GUIDELINES ON THE PRODUCT HIGHLIGHTS SHEET (SFA 13–G10)  
AND GUIDELINES ON ONGOING DISCLOSURE REQUIREMENTS FOR UNLISTED  
DEBENTURES (SFA 13–G11)**

The Guidelines on the Product Highlights Sheet and the Guidelines on Ongoing Disclosure Requirements for Unlisted Debentures have been issued.

Guidelines on the Product Highlights Sheet

2 The Guidelines on the Product Highlights Sheet set out the form and content of the Product Highlights Sheet to provide guidance to issuers and their professional advisers in preparing the Product Highlights Sheet.

3 The Guidelines on the Product Highlights Sheet will apply to new offers of debentures in the form of asset-backed securities and structured notes (including exchange-traded notes), unlisted collective investment schemes (“CIS”) and exchange-traded funds, for which prospectuses are lodged with MAS on or after 1 March 2011. The Product Highlights Sheet Guidelines will also apply to existing CIS with prospectuses that expire on or after 1 March 2011. For such CIS, the Product Highlights Sheet should be submitted to MAS when the updated prospectuses are lodged with MAS, regardless of the date of lodgment.

Guidelines on Ongoing Disclosure Requirements for Unlisted Debentures

4 The Guidelines on Ongoing Disclosure Requirements for Unlisted Debentures provide guidance to issuers of unlisted debentures on when and how to provide ongoing disclosure.

5 Issuers of new unlisted debentures offered after 21 October 2010 should commence providing semi-annual reports every six months from the date of issuance of the unlisted debentures, with immediate effect. Issuers of existing unlisted debentures with remaining tenures of 12 months or more as at 1 January 2011 are to commence providing semi-annual reports from 1 January 2011.

6 Issuers should disclose material changes to the unlisted debentures and the availability of financial statements to investors where and when applicable with immediate effect. Disclosure of bid or redemption prices on the issuers' or, in the case where the option for redemption is made available through the distributors, the distributors', websites should be made as soon as practicable.

7 The Guidelines on the Product Highlights Sheet and the Guidelines on Ongoing Disclosure Requirements for Unlisted Debentures are enclosed for your attention.

8 Thank you.

Yours faithfully

[sent via MASNet]

LOO SIEW YEE  
EXECUTIVE DIRECTOR  
CAPITAL MARKETS DEPARTMENT  
CAPITAL MARKETS GROUP



Monetary Authority of Singapore

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# **SECURITIES AND FUTURES ACT (CAP. 289)**

## **GUIDELINES ON THE PRODUCT HIGHLIGHTS SHEET**

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**Guideline No : SFA 13–G10**  
**Issue Date : 21 October 2010**

## **GUIDELINES ON THE PRODUCT HIGHLIGHTS SHEET**

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### **1 Purpose of these Guidelines**

1.1 These Guidelines are issued by the Monetary Authority of Singapore (the “Authority”) pursuant to section 321 of the Securities and Futures Act (Cap. 289) (“SFA”). They aim to provide guidance to issuers<sup>1</sup> and their professional advisers in preparing a Product Highlights Sheet.

### **2 Product Highlights Sheet**

2.1 For offers of:

- (a) debentures in the form of debentures or units of debentures issued pursuant to a securitisation transaction (“asset-backed securities”) and structured notes (including exchange-traded notes) where the offer is made in or accompanied by a prospectus; and
- (b) unlisted collective investment schemes (“CIS”) and exchange-traded funds where the offer is made in or accompanied by a prospectus,

a Product Highlights Sheet should be prepared by issuers and furnished to investors<sup>2</sup>.

For the purposes of these Guidelines, the term “structured notes” has the same meaning as the definition found in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

2.2 The Product Highlights Sheet should highlight key features and risks of the investment product to investors. The Product Highlights Sheet should:

- (a) clearly disclose required information in the format as set out in these Guidelines;
- (b) not contain any information that is not included in the prospectus; and
- (c) not contain any information that is false or misleading.

2.3 Issuers are responsible for preparing the Product Highlights Sheet in accordance with these Guidelines.

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<sup>1</sup> In the case of CIS, “issuer” refers to the “responsible person” as defined under the SFA to be –  
(a) in the case of a scheme which is constituted as a corporation, the corporation; or  
(b) in the case of a scheme which is not constituted as a corporation, the manager for the scheme.

<sup>2</sup> In the case of CIS where multiple sub-funds are covered in a single prospectus, a separate Product Highlights Sheet should be prepared for each sub-fund.

2.4 The Product Highlights Sheet should be submitted to the Authority at the time of the lodgment of the prospectus with the Authority.

2.5 The Product Highlights Sheet should be given together with the prospectus to investors when making an offer. If the issuer makes the prospectus available online, the Product Highlights Sheet should also be made available online together with the prospectus.

2.6 When the issuer makes any change to the prospectus, the Product Highlights Sheet should be updated if the change has a material effect on the key features and risks of the investment product.

### **3 Guidance to Issuers on Preparing the Product Highlights Sheet**

3.1 The appendices to these Guidelines set out the templates for the Product Highlights Sheets. The three different templates contain relevant modifications to reflect the differences between investment products. The templates are:

- (a) Appendix 1: Unlisted debentures in the form of asset-backed securities and structured notes;
- (b) Appendix 2: Exchange-traded funds and notes; and
- (c) Appendix 3: Unlisted CIS.

3.2 The templates serve as a minimum standard. Issuers should adhere to the format (including the tabular structure and the yellow Pantone 109C or similar strip on the right edge of the document) and headings and sub-headings set out in the templates for their respective investment products. Additional sub-headings may be added if these are useful to enumerate points in a long section. Issuers should include any additional key information that is important for investors to understand the product.

3.3 Notes to guide issuers in preparing their Product Highlights Sheets are presented as italicised statements in the square brackets in the templates. Some examples are presented for illustration. These notes and examples are not meant to be prescriptive or exhaustive. Issuers should consider and decide on the information to be disclosed in the Product Highlights Sheet so as to highlight key features and risks of their respective investment product to investors. Issuers should consider whether the omission of any information from any part of the Product Highlights Sheet would result in that part of the Product Highlights Sheet being construed as false or misleading.

3.4 Issuers should answer the questions prescribed in the templates in clear and simple language that investors can easily understand. Issuers should avoid using technical terms in the Product Highlights Sheet. Where technical terms are unavoidable, issuers should attach a glossary to the Product Highlights Sheet to explain these technical terms.

3.5 Issuers may include references to websites or to corresponding sections of the prospectus which set out additional information for investors in the right-hand column of the Product Highlights Sheet. Issuers are encouraged to include links to online copies of disclosure documents, educational resources or explanatory material. However, key information should be clearly disclosed in the Product Highlights Sheet and issuers should not merely make reference to information in other sources, such as the prospectus.

3.6 The use of diagrams such as graphs, charts, flowcharts, tables or numerical explanations to explain structures or payoffs of the investment products to investors is encouraged.

3.7 The Product Highlights Sheet should not be longer than four pages. Diagrams and a glossary, if included, would not count towards the four-page limit. However, the Product Highlights Sheet including diagrams and the glossary should not exceed eight pages. Diagrams may be inserted within the main body of the Product Highlights Sheet if appropriate. The issuer's corporate logo or trade mark may also be inserted.

3.8 Information in the Product Highlights Sheet (including footnotes and references) should be in a font size of at least 10-points Times New Roman.

3.9 Issuers should refrain from including disclaimers in the Product Highlights Sheet.

3.9 Unless required by law or the listing rules of a securities exchange, issuers should avoid producing marketing material which resembles or may otherwise be confused with a Product Highlights Sheet.

## **4 Product Naming**

4.1 Issuers should ensure there is clear product naming. The name of the product should be descriptive of the nature of the product. It should not give investors a misleading view of the true nature and risks of the product.

## Appendix 1—Unlisted debentures in the form of asset-backed securities and structured notes

Prepared on: DD/MM/YY

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus<sup>3</sup>.
- It is important to read the Prospectus before deciding whether to purchase the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

### NAME OF PRODUCT

Product type	[Structured Note / Asset-backed Security]	Issue Date	[•]
Issue Price	[•]	Maturity Date	[•]
Maximum loss	[•] [in % term]	Offer Period	[•]
Maximum gain	[•] [in % term]	Callable by Issuer	[Yes/No]
Name of Issuer	[•]	Capital Guaranteed	[Yes/No]
Buyback Frequency	Every Business Day/Every Monday etc.	Name of Guarantor	[•] (if applicable)

### PRODUCT SUITABILITY

#### WHO IS THE PRODUCT SUITABLE FOR?

- This product is only suitable for investors who:
  - [State return objectives (eg. capital growth/income/capital preservation) which the product will be suitable for]
  - [State if the principal will be at risk]
  - [State how long investors should be prepared to hold the investment for, and highlight any lock-in periods or issuer-callable features]
  - [State other key characteristics of the product which will help investors determine whether the product is suitable for them]

#### Example:

- The Notes are only suitable for investors who:
  - want regular income rather than capital growth
  - are prepared to lose their principal investment if the Issuer fails to repay the amount due under the Notes; and
  - are prepared to hold their investment for the full X years. However, after Y years the product may be callable by the issuer.

#### Further Information

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

<sup>3</sup> The Prospectus comprises the Base Prospectus and the Pricing Statement registered by the MAS on DD/MM/YYYY and DD/MM/YYYY respectively. It is available for collection at [time and place] or accessible at [web address, if applicable]

KEY PRODUCT FEATURES	
<p><b>WHAT ARE YOU INVESTING IN?</b>  <i>[State key features of the product, such as the legal classification of the product, payoff and factors determining the payoff, underlying securities and whether and how they would affect the payoff, any capital guarantee, etc. Include a diagram of the structure of the product, if necessary.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• You are investing in a X-year equity-linked structured note in which you may receive quarterly coupons between W% and Y% p.a. issued by [name of issuer of the Notes].</li> <li>• During the term of the investment, the issuer agrees to pay you quarterly coupons which depend on the share price performance of: <ul style="list-style-type: none"> <li>○ <b>Company A</b></li> <li>○ <b>Company B</b></li> <li>○ <b>Company C</b></li> </ul> </li> <li>• The amount of coupons is calculated as follows: <ul style="list-style-type: none"> <li>○ [Formula for calculation of coupons]</li> </ul> </li> <li>• At maturity, the issuer agrees to pay you 100% of your principal investment, unless [list circumstances where investor may not receive 100% of principal investment]</li> <li>• The product is secured by [type of underlying securities] issued by [name of issuer of underlying securities].</li> </ul>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on features of the product, including how redemption amount is calculated.</p>
Parties Involved	
<p><i>[State all parties involved in the structure of the product, such as <b>issuer, arranger, derivative counterparty, derivative guarantors, issuer of underlying securities, trustee and custodian.</b>]</i></p> <p><b>WHO ARE YOU INVESTING WITH?</b></p> <ul style="list-style-type: none"> <li>• <i>The Notes are issued by [name of issuer of the Notes] and arranged by [name of arranger of the Notes]. [Name of derivative counterparty] is the swap counterparty of the Notes. [Name of issuer of underlying securities] is the issuer of the underlying securities of the Notes.</i></li> <li>• <i>The trustee of the Notes is [Name of trustee].</i></li> </ul>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p>
Possible Outcomes	
<p><b>WHAT WOULD YOU GAIN OR LOSE IN DIFFERENT SITUATIONS?</b></p> <ul style="list-style-type: none"> <li>• <b>Best case scenario:</b> <ul style="list-style-type: none"> <li>○ <i>[Describe payoff to investor in best case scenario and factors that could lead to this scenario.]</i></li> </ul> </li> </ul>	

<ul style="list-style-type: none"> <li>• <b>Worst case scenario:</b> <ul style="list-style-type: none"> <li>○ [Describe payoff to investor in worst case scenario and factors that could lead to this scenario.]</li> </ul> </li> <li>• <b>Other possible scenarios:</b> <ul style="list-style-type: none"> <li>○ [Describe payoff to investor in other possible scenarios and factors that could lead to this scenario. Include scenario where issuer calls the debenture if applicable.]</li> </ul> </li> </ul>	
<b>KEY RISKS</b>	
<p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b>  <i>[State key risks which are either commonly occurring events, or which may cause significant losses if they occur, or both. While the risks may overlap into multiple categories below, there is no need to repeat the same risk in more than one section. Product-specific market or liquidity risks should be included under the market or liquidity risks section respectively. Where there is a risk that an investor may lose all of his initial principal investment, emphasise this with bold or italicised formatting.]</i></p> <p><b>These risk factors may cause you to lose some or all of your investment:</b></p>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on risks.</p>
<b>Market and Credit Risks</b>	
<p><i>[State market risks (including currency risks) and counterparty risks which may result in the loss of capital or affect the payoff of the investment and their consequences.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• <b>You are exposed to the credit risk of [name of issuer].</b> <ul style="list-style-type: none"> <li>○ The Notes are debt obligations of [name of issuer]. If [name of issuer] is unable to fulfil its obligations under the Notes, <u>you may lose all your principal investment.</u></li> </ul> </li> </ul>	
<b>Liquidity Risks</b>	
<p><i>[State the risks that an investor would face in trying to exit the product, eg: limitations on redemption or factors that may delay the payment of redemption proceeds.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• <b>The Notes are not listed and have limited liquidity.</b> <ul style="list-style-type: none"> <li>○ The Notes are not listed on any exchange and have limited secondary market. You should be prepared to have your principal investment locked in for X years. If you exit from your investment before maturity, <u>you may receive an amount which is substantially less than your principal.</u></li> </ul> </li> </ul>	

Product-Specific Risks	
<p><i>[State product structure-related risks which may result in capped upside potential, unfavourable pricing if redeemed before maturity, potential legal risks, etc]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• <b>The Issuer is established overseas.</b> <ul style="list-style-type: none"> <li>○ If the Issuer becomes insolvent or is the subject of a winding-up or liquidation order or similar proceedings, the insolvency laws in the country in which it is incorporated would apply. The process of making a claim under the foreign law may be complex and time-consuming.</li> </ul> </li> <li>• <b>The underlying securities are held overseas.</b> <ul style="list-style-type: none"> <li>○ There may be difficulties realising the underlying securities which are held overseas. Even if the underlying securities are realised, the foreign law may not recognize that the payments to you should be made before other claimants and creditors.</li> </ul> </li> <li>• <b>If the Issuer has to redeem the notes early, due to taxation and other reasons, <u>you may receive less than your principal investment.</u></b></li> </ul>	
FEES AND CHARGES	
<p><b>WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?</b></p> <p><i>[State all fees and charges paid/payable to distributors and product providers. If product providers do not charge a fee, describe briefly how product providers will profit from the sale of the Notes. Indicate if the fees are payable once-off or on a recurring basis. If fees may later be increased or new fees introduced, such as fees related to the unwinding of investments, state so here.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• The issuer pays each distributor a commission of 3% of the total amount sold by each distributor.</li> <li>• While you do not pay any fee to the Issuer, the Arranger and its related parties make a profit through the structuring of the Notes. This profit is factored into the risk and return of the Notes.</li> </ul>	<p>Refer to the “[<i>Relevant Section</i>]” on Pg XX of the Prospectus for further information on fees and charges.</p>

VALUATIONS AND EXITING FROM THIS INVESTMENT	
<p><b>HOW OFTEN ARE VALUATIONS AVAILABLE?</b>  <i>[State how often and where valuations are published, eg. provide a web address or the name of local newspapers where the valuation is published.]</i></p> <p><b>HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?</b>  <i>[State length of cancellation period and describe how investors can exit from the investment if they change their mind within the cancellation period and the relevant costs. If there is no cancellation period, state so clearly. Subsequent to the cancellation period, describe how investors can exit from the investment and the relevant costs.]</i></p>	<p>Refer to the “[<i>Relevant Section</i>]” on Pg XX of the Prospectus for further information on valuation and exiting from the product.</p>
CONTACT INFORMATION	
<p><b>HOW DO YOU CONTACT US?</b>  <i>[State contact details of issuers/distributors whom investors can contact if they have enquiries. Include a website address and email address if appropriate]</i></p>	

## Appendix 2 - Exchange-traded funds and notes

Prepared on: DD/MM/YY

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus<sup>4</sup>.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

## NAME OF PRODUCT

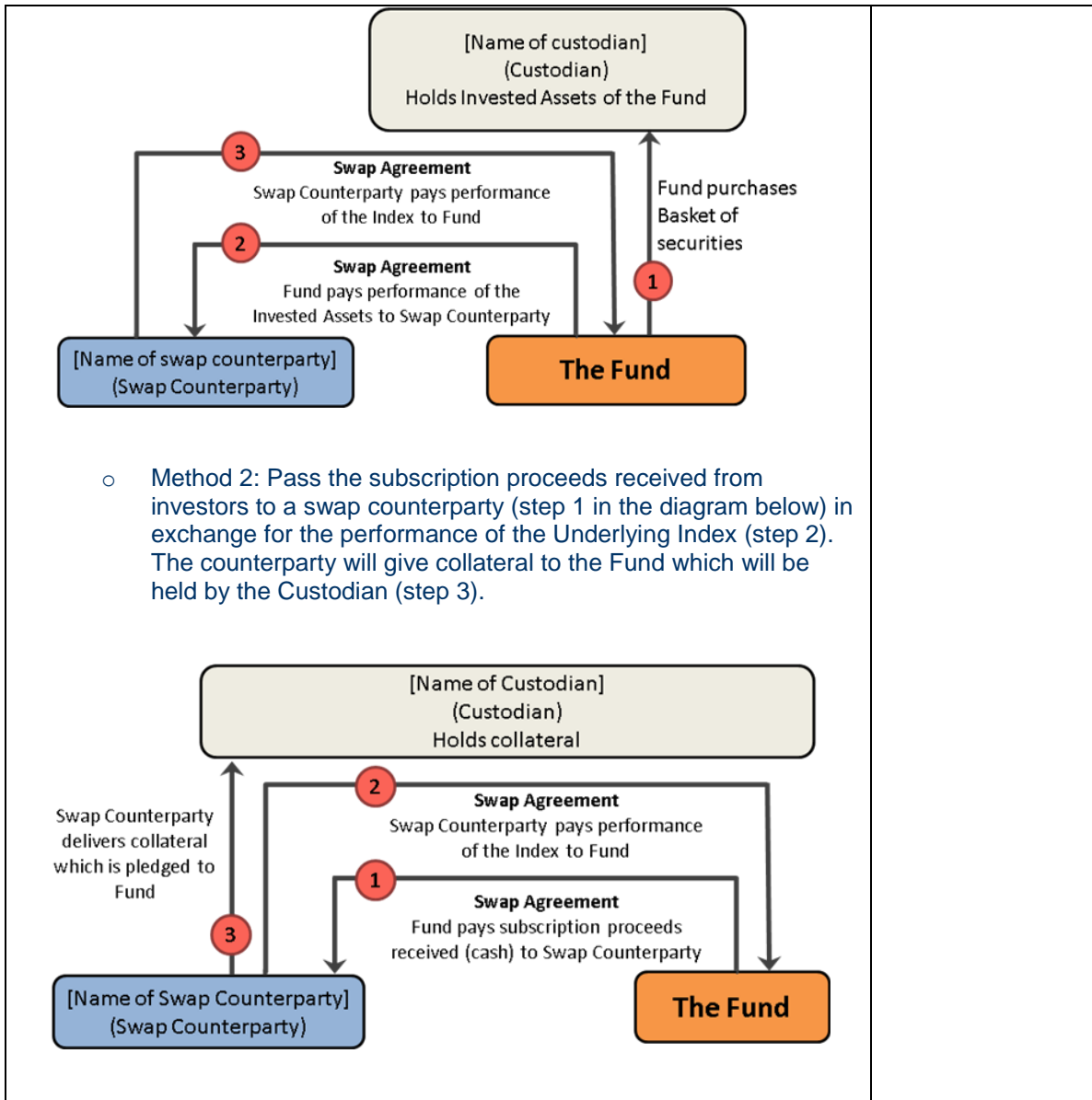
SGX counter name (SGX stock code)	[•]	SGX-ST Listing Date	[•]
Product Type	[Exchange-Traded Fund/Note]	Designated Market Maker	[•]
Management Company/Issuer	[•]	Underlying Reference Asset	[•]
Investment Manager [if applicable]	[•]	Traded Currency	[•]
Expense Ratio (for Exchange-traded Funds)	[•] (Class A Units) [•] (Class B Units) etc. (retail classes)		

## PRODUCT SUITABILITY

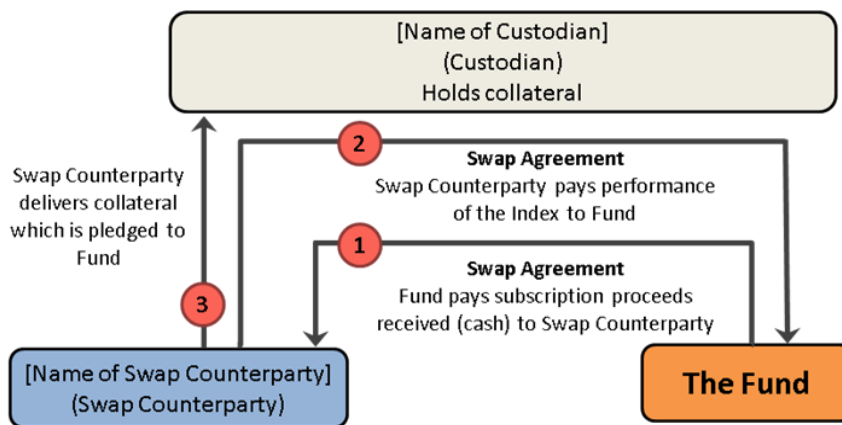
<p><b>WHO IS THE PRODUCT SUITABLE FOR?</b></p> <ul style="list-style-type: none"> <li>• The Fund/Note is <u>only</u> suitable for investors who: <ul style="list-style-type: none"> <li>○ [State return objectives (eg. capital growth/income/capital preservation) which the product will be suitable for]</li> <li>○ [State if the principal will be at risk]</li> <li>○ [State other key characteristics of the product which will help investors determine whether the product is suitable for them, especially unique features eg: daily resetting of prices]</li> </ul> </li> </ul> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• The Fund is <u>only</u> suitable for investors who: <ul style="list-style-type: none"> <li>○ want capital growth rather than regular income;</li> <li>○ believe that the XXX Index will increase in value; and</li> <li>○ are comfortable with the greater volatility and risks of an equity fund.</li> </ul> </li> </ul>	<p><u>Further Information</u></p> <p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on product suitability.</p>
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<sup>4</sup> The Prospectus is available for collection at [time and place] or accessible at [web address, if applicable]

KEY PRODUCT FEATURES	
<p><b>WHAT ARE YOU INVESTING IN?</b></p> <p><i>[State key features of the product, such as the legal classification of the product, the broad investment objective of the product, whether it intends to offer regular dividends and when those are paid. Describe the underlying index, including how they would affect the payoff. Also describe how the payoff is calculated. Where the index has unique features of its construction or its payoff, describe these features, with the assistance of tables and diagrams if necessary.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• You are investing in an Exchange Traded Fund constituted in [Place of constitution] that aims to track the XXX index (the “Underlying Index”) by entering into a derivative swap transaction with another party known as the swap counterparty.</li> <li>• The Underlying Index is maintained by [Name of index sponsor] and represents the [eg: leading 500 large-cap companies in the U.S.] The index constituents are reviewed quarterly, and are diversified across all sectors.</li> </ul>	<p><i>[Describe where an investor can find published figures for the value of the index eg: the index provider’s website. Also describe where more details on the construction methodology or any unique features can be found.]</i></p>
Investment Strategy	
<p><i>[Describe how the product intends to track the index/securities. For instance, if the product uses a representative sampling method or synthetic replication method, describe how this is carried out. If an investment strategy other than the direct investment method is used, explain why. Any processes and structures which introduce significant risk should be included in the description. Include diagrams of the structure of the product or pie charts of asset allocation as at a date near the date of Product Highlights Sheet to show sectoral/country/asset type allocation, if applicable.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• In order to achieve the investment objective, the Fund may use either or both of the following methods:             <ul style="list-style-type: none"> <li>○ Method 1: Invest in a basket of securities (step 1 in the diagram on the next page) and exchange the performance of the basket of securities (step 2) with the swap counterparty for the performance of the Underlying Index (step 3). If the value of the basket of securities grows by 5% and the underlying index grows by 6%, the Fund will pay the swap counterparty 5% and the swap counterparty will pay the fund 6%. and/or</li> </ul> </li> </ul>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for the full diagrams of the structure of the Fund.</p>



- o Method 2: Pass the subscription proceeds received from investors to a swap counterparty (step 1 in the diagram below) in exchange for the performance of the Underlying Index (step 2). The counterparty will give collateral to the Fund which will be held by the Custodian (step 3).



**Parties Involved**

**WHO ARE YOU INVESTING WITH?**

[State all parties involved in the structure of the product, such as the name of the issuer/umbrella fund/fund company, manager and sub-manager, swap counterparty, and the trustee/custodian, where applicable.]

**Example:**

- The Management company is [●]. The Investment Manager of the Fund is [●]. The Custodian of the Fund is [●]. The Swap Counterparty is [●].

Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.

KEY RISKS	
<p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b>  <i>[State key risks which are either commonly occurring events, or which may cause significant losses if they occur, or both. While the risks may overlap into multiple categories below, there is no need to repeat the same risk in more than one section. Product-specific market or liquidity risks should be included under the market or liquidity risks section respectively. Where there is a risk that an investor may lose all of his initial principal investment, emphasise this with bold or italicised formatting.]</i></p> <p><b>The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment:</b></p>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on risks of the product.</p>
Market and Credit Risks	
<p><i>[State market risks (including currency risks) and counterparty risks which may affect the traded price of the product.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• <b>Market prices for Units may be different from their Net Asset Value (NAV)</b> <ul style="list-style-type: none"> <li>○ The price of any Units traded on the SGX-ST will depend, amongst other factors, on market supply and demand, as well as the prevailing financial market, corporate, economic and political conditions, and their price may be different from the NAV of the Fund.</li> </ul> </li> </ul>	
Liquidity Risks	
<p><i>[State the risks that an investor would face in trying to exit the product.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• You can redeem your Units with the manager only if you meet the minimum redemption amount of USD\$100,000.</li> <li>• <b>The secondary market may be illiquid.</b> <ul style="list-style-type: none"> <li>○ You can sell your Units on the SGX. However, you may not be able to find a buyer on the SGX-ST when you wish to sell your Units. While the Fund intends to appoint at least one market maker to assist in creating liquidity for investors, liquidity is not guaranteed and trading of Units on the SGX-ST may be suspended in various situations.</li> <li>○ If the Units are delisted from the SGX-ST or if the CDP is no longer able to act as the depository for the Units listed on the SGX-ST, the Units in the investors’ securities accounts with the CDP or held by the CDP will be compulsorily repurchased by the Market Maker at a price calculated by reference to the NAV of the Fund calculated as of the second Singapore trading day following the delisting date.</li> </ul> </li> </ul>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for situations in which trading of units may be suspended.</p>

Product-Specific Risks	
<p><i>[State product-specific risks, which include structure-related risks, investment objective related risks, potential legal risks, potential risks leading to tracking errors etc]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• <b>You are exposed to counterparty risk related to derivative transactions</b> <ul style="list-style-type: none"> <li>○ The Fund may enter into derivative transactions (such as swap agreements) and be exposed to the risk that the counterparties to such transactions may default on their obligations. However, the Fund is required to limit its exposure to any single counterparty to 10% of its NAV.</li> <li>○ If the Swap Counterparty defaults on its obligations, you may sustain a loss on your investment in the Fund. The Fund limits its net exposure to the Swap Counterparty by obtaining collateral from the Swap Counterparty. In the event the Swap Counterparty defaults on its obligations, the value of the Fund will depend on the value of the collateral or basket of securities held.</li> </ul> </li> <li>• <b>You are exposed to the risk that the USD will depreciate in value against the SGD.</b> <ul style="list-style-type: none"> <li>○ The Fund is denominated and traded in SGD whereas the underlying investments are denominated in USD. Therefore, investors may lose money if the USD were to depreciate against the SGD, even if the market value of the relevant underlying shares actually goes up.</li> </ul> </li> <li>• <b>The Fund, Management Company and Custodian are not constituted in Singapore and are governed by foreign laws. Certain investments by the Fund such as swaps are also governed by foreign laws.</b> <ul style="list-style-type: none"> <li>○ Any winding up of these investments may involve delays and legal uncertainties for Singaporean investors.</li> </ul> </li> </ul>	<p>Refer to "[Relevant Section]" on Pg XX of the Prospectus for details on mitigating counterparty risk exposure in the swap agreements and what happens if the swap counterparty defaults.</p>
FEES AND CHARGES	
<p><b>WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?</b></p> <p><i>[State all fees and charges payable. This includes management fees, distribution fees, and any other substantial fees of more than 0.1% of NAV or of subscription value. Distinguish between fees payable via the investors' investments in the product and fees payable directly by the investors. Indicate if the fees are payable once-off or on a per-annum basis. If fees may later be increased or new fees introduced, such as fees related to the unwinding of investments, state so here.]</i></p>	<p>Refer to the "[Relevant Section]" on Pg XX of the Prospectus for further information on fees and charges.</p>

<p><b>Example:</b></p> <p>Payable by the Fund from invested proceeds:</p> <table border="1"> <tr> <td><b>Management Fee</b></td> <td>○ Up to 0.30% per annum; Currently 0.30% per annum</td> </tr> <tr> <td><b>Trustee Fee</b></td> <td>○ 0.10% per annum</td> </tr> <tr> <td><b>Audit Fee, administrative expenses and other miscellaneous fees</b></td> <td>○ Up to 0.10% per annum</td> </tr> </table> <p>Payable directly by you:</p> <ul style="list-style-type: none"> <li>• <b>For purchases and sales on the SGX-ST:</b> Normal brokerage and other fees apply. Please contact your broker for further details.</li> </ul>		<b>Management Fee</b>	○ Up to 0.30% per annum; Currently 0.30% per annum	<b>Trustee Fee</b>	○ 0.10% per annum	<b>Audit Fee, administrative expenses and other miscellaneous fees</b>	○ Up to 0.10% per annum	
<b>Management Fee</b>	○ Up to 0.30% per annum; Currently 0.30% per annum							
<b>Trustee Fee</b>	○ 0.10% per annum							
<b>Audit Fee, administrative expenses and other miscellaneous fees</b>	○ Up to 0.10% per annum							
<b>CONTACT INFORMATION</b>								
<p><b>HOW DO YOU CONTACT US?</b></p> <p><i>[State contact details of issuers/distributors whom investors can contact if they have enquiries. Include a website address and email address if appropriate]</i></p>								

## Appendix 3 - Unlisted CIS

Prepared on: DD/MM/YY

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus<sup>5</sup>.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

## NAME OF PRODUCT

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

## PRODUCT SUITABILITY

### WHO IS THE PRODUCT SUITABLE FOR?

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

#### Example:

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

### Further Information

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

<sup>5</sup> The Prospectus is available for collection at [time and place] or accessible at [web address, if applicable]

KEY PRODUCT FEATURES	
<p><b>WHAT ARE YOU INVESTING IN?</b>  <i>[State key features of the product, such as the legal classification of the product, the broad investment objective of the product, whether it intends to offer regular dividends and when those are paid. If the product is structured to give specific payoffs due to certain trigger events or scenarios, describe those scenarios and provide scenario analysis and numerical examples. Where the index has unique features of its construction or its payoff, describe these features, with the assistance of tables and diagrams if necessary.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>You are investing in a unit trust constituted in [Place of constitution] that aims to provide you with returns through long term capital growth by investing in companies set up in the Asia Pacific region.</li> <li>You may receive yearly distributions on or around 31 December. The Manager will decide whether a distribution is to be made based on [factors].</li> </ul>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on features of the product.</p>
Investment Strategy	
<p><i>[Describe how the fund intends to achieve its objective. For instance, describe the eligible assets it may invest in and the management philosophy. Any processes and structures which introduce significant risk should be included in the description. Include diagrams of the structure of the fund if the fund is a structured fund, or pie charts of asset allocation as at a date near the date of Product Highlights Sheet to show sectoral/country/asset type allocation, if applicable.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>The Fund will invest primarily in shares of companies listed on stock exchanges in the Asia Pacific region. The Fund may hold cash or invest in derivatives instruments for purposes of hedging, reducing cost, reducing risk, or generating capital or income for no or minimal increase in risk.</li> </ul>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for the full diagrams of the structure of the Fund.</p>
Parties Involved	
<p><b>WHO ARE YOU INVESTING WITH?</b>  <i>[State all parties involved in the structure of the product, such as the name of the umbrella fund/fund company, manager and sub-manager, swap counterparty, and the trustee/custodian, where applicable.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>The Manager is [●], and the Trustee is [●].</li> <li>The fund uses [●] as the counterparty for most of its derivative transactions.</li> </ul>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p>

KEY RISKS	
<p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b>  <i>[State key risks which are either commonly occurring events, or which may cause significant losses if they occur, or both. While the risks may overlap into multiple categories below, there is no need to repeat the same risk in more than one section. Product-specific market or liquidity risks should be included under the market or liquidity risks section respectively. If fees may later be increased or new fees introduced, such as fees related to the unwinding of investments, state so here.]</i></p> <p><b>The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment:</b></p>	<p>Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on risks of the product.</p>
Market and Credit Risks	
<p><i>[State market risks (including currency risks) and counterparty risks which may result in the loss of capital or affect the pay-off of the investment and their consequences]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• <b>You are exposed to the market risks in Asia Pacific markets.</b> <ul style="list-style-type: none"> <li>○ Your investments may go up or down due to changing economic, political or market conditions that impact the share price of the companies that the Fund invests in.</li> </ul> </li> <li>• <b>You have greater exposure to market risks as this is an equity fund.</b> <ul style="list-style-type: none"> <li>○ Historically, equities have greater volatility than bonds and other fixed income securities. The Fund’s valuation and the price at which you can exit may correspondingly fluctuate more strongly on a day-to-day basis compared to funds investing in bonds and other fixed income securities.</li> </ul> </li> </ul>	
Liquidity Risks	
<p><i>[State the risks that an investor would face in trying to exit the product, eg: limitations on redemption or factors that may delay the payment of redemption proceeds.]</i></p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>• <b>The Fund is not listed and you can redeem only on Dealing Days.</b> <ul style="list-style-type: none"> <li>○ There is no secondary market for the Fund. All redemption requests should be made to the Manager.</li> </ul> </li> </ul>	

### Product-Specific Risks

[State product-specific risks, which include structure-related risks, investment objective related risks, potential legal risks, etc]

**Example:**

- **You are exposed to derivatives risks.**
  - The Manager may use derivative instruments, including futures, options, warrants, forwards, swaps or swap options, from time to time in managing the investments of the Fund.
  - The usage of derivatives may negatively impact the value of the Fund and the Fund may suffer greater losses than if the Fund had not used derivatives
  - At the worst case, you may lose all your funds invested if the Fund is fully exposed to derivative positions that move against the Manager's judgement.

### FEES AND CHARGES

#### WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

[State all fees and charges payable. This includes management fees, distribution fees, and any other substantial fees of more than 0.1% of NAV or of subscription value. Distinguish between fees payable via the investors' investments in the fund and fees payable directly by the investors. Indicate if the fees are payable once-off or on a per-annum basis. If fees may later be increased or new fees introduced, state so here.]

**Example:**

Payable directly by you

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

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

Payable by the Fund from invested proceeds

- The Fund will pay the following fees and charges to the Manager, Trustee and other parties:

<b>Management Fee</b>	<ul style="list-style-type: none"> <li>○ 1.5% per annum</li> </ul>
<b>Trustee Fee</b>	<ul style="list-style-type: none"> <li>○ 0.1% per annum, subject to a minimum of S\$15,000</li> </ul>
<b>Accounting and Valuation Fee</b>	<ul style="list-style-type: none"> <li>○ 0.025% per annum, subject to a minimum of S\$5,000</li> </ul>

Refer to the "[Relevant Section]" on Pg XX of the Prospectus for further information on fees and charges.

## VALUATIONS AND EXITING FROM THIS INVESTMENT

### HOW OFTEN ARE VALUATIONS AVAILABLE?

*[State how often and where valuations are published, eg: provide a web address or the name of local newspapers where the valuation is published.]*

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

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

#### Example:

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

Exit price X Number of units sold	=	Gross Sale Proceeds
S\$1.250 X 1,000	=	S\$1,250

Gross Sale Proceeds	-	Realisation Charge	=	Net Sale Proceeds
S\$1,250	-	S\$0.00	=	S\$1,250

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

## CONTACT INFORMATION

### HOW DO YOU CONTACT US?

*[State contact details of issuers/distributors whom investors can contact if they have enquiries. Include a website address and email address if appropriate]*

**APPENDIX: GLOSSARY OF TERMS**

*[This section should explain terms used in the Product Highlights Sheet which may not be understandable to the average investor. Where possible, issuers should simplify the terms used in the main body of the Product Highlights Sheet instead of explaining them in the glossary.]*

**Term:** Description

**Term:** Description

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Monetary Authority of Singapore

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# **SECURITIES AND FUTURES ACT (CAP. 289)**

**GUIDELINES ON  
ONGOING DISCLOSURE REQUIREMENTS FOR  
UNLISTED DEBENTURES**

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**Guideline No : SFA 13-G11**  
**Issue Date : 21 October 2010**

## **GUIDELINES ON ONGOING DISCLOSURE REQUIREMENTS FOR UNLISTED DEBENTURES**

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### **1 Purpose and Scope of these Guidelines**

1.1 Issuers of unlisted debentures offered to retail investors should provide timely and meaningful ongoing disclosures to such investors. This is so that retail investors are informed about material developments concerning their investments.

1.2 These Guidelines are issued by the Authority pursuant to section 321 of the Securities and Futures Act (Cap. 289) ["SFA"]. They aim to provide guidance to issuers of unlisted debentures on when and how to provide ongoing disclosure.

1.3 They provide general guidance and are not intended to replace or override any legislative provisions or written directions in respect of disclosure requirements imposed on issuers.

### **2 Frequency and Form of Semi-Annual Reports**

2.1 Issuers of unlisted debentures with tenure of 12 months or more should prepare semi-annual reports on their unlisted debentures, every six months from the date of issuance of the unlisted debentures.

2.2. Issuers should make readily available and accessible to debenture holders copies of the semi-annual report either through printed form or electronic means within two months from the end of the period covered by the semi-annual report.

2.3 Where reports are made available to debenture holders through electronic means, issuers should promptly inform debenture holders of the release of the reports, and disclose clearly to the debenture holders how and where electronic copies of the reports may be accessed. Issuers should also provide debenture holders with the option to request for printed copies of the reports and make available such printed copies upon request.

### **3 Content of Semi-Annual Reports**

3.1 The semi-annual reports should, where relevant, provide the following information:

- (a) whether or not the issuer and the guarantor have observed and performed all the obligations binding upon them under the unlisted debenture during the relevant period under review;
- (b) a presentation of the changes in valuation or bid prices of the unlisted debenture during the relevant period under review and changes in valuation or bid prices of the unlisted debenture since issuance, in a graph chart format;
- (c) a description of the factors contributing to the changes in valuation or bid prices of the unlisted debenture during the relevant period under review;
- (d) where coupon payments have been made during the relevant period under review, to disclose:
  - (i) the amount and date of disbursement of the coupon payments; and
  - (ii) where the debenture was offered with a pre-determined formula for coupon payments, an explanation of the calculation of the actual coupon payments received by debenture holders and any significant deviation from the maximum coupon payments set out in the marketing and advertising material or disclosure documents;
- (e) any material information relating to the issuer or the guarantor that may affect the ability of the issuer or the guarantor to fulfil their obligations under the unlisted debenture;
- (f) where the debenture has exposure to reference assets or has underlying collateral, to disclose any material information relating to the reference asset or the underlying collateral that may adversely affect the unlisted debenture;

- (g) where there is a change in the credit rating of the unlisted debenture, the issuer or the guarantor, the reference assets, or the underlying collateral during the relevant period under review, to disclose:
  - (i) the name of the credit rating agency;
  - (ii) the date on which the credit rating was revised;
  - (iii) the original credit rating;
  - (iv) the revised credit rating;
  - (v) the reason for the revision in the credit rating;
  - (vi) whether or not any fee or benefit of any kind had been paid by the issuer or any of its related parties to the credit rating agency in consideration for the original credit rating;
  - (vii) whether or not any fee or benefit of any kind had been paid by the issuer or any of its related parties to the credit rating agency in consideration for the revised credit rating; and
  - (viii) whether or not there is any change in the fee or benefit paid in consideration for the original rating and the fee or benefit paid in consideration for the revised rating and if so, the reason for any change in the fee or benefit paid;
- (h) any other risk exposure, or information, that has had, has or will have adverse impact on the unlisted debenture that the issuer is aware of; and;
- (i) fees and charges charged to debenture holders during the relevant period under review.

3.2 The information set out above serves as a general guidance and is not meant to be exhaustive. Issuers should include any additional information which would be useful and relevant to debenture holders.

#### **4 Material Changes**

4.1 Issuers should disclose changes which may materially affect the risks and returns, or the price or value of the unlisted debenture to debenture holders immediately. Such material changes include, but are not restricted to, significant changes in general market conditions or specific aspects of the financial instruments, industry, sector or country that the unlisted debenture has exposure to, or the creditworthiness of the issuer or the guarantor.

## **5 Bid or Redemption Prices**

5.1 Where an issuer makes available an option for redemption, the issuer should make available, publicly and regularly, bid or redemption prices of the unlisted debenture to ensure that debenture holders have access to regular and transparent valuation of their investments. Issuer should make available prices at the frequency of the offer for redemptions or once every fortnight, whichever is more frequent.

5.2 Disclosure of the bid or redemption prices can be made available on the issuers' or, in the case where the option for redemption is made available through the distributors, the distributors', websites. The address of the website and frequency with which bid or redemption prices are updated, should be clearly disclosed to debenture holders.

5.3 Where the bid prices disclosed are merely indicative, issuers should clearly highlight to debenture holders that these bid prices are only indicative and may not be actual exit prices.

5.4 The calculation of investment valuations should be independent, fair and proper. Issuers should be prepared to demonstrate that the bid or redemption prices disclosed are determined independently, fairly and properly.

## **6 Financial Statements**

6.1 The directors or equivalent persons of every borrowing entity and of every guarantor entity are currently required under section 268(6) of the SFA to prepare semi-annual and annual profit and loss accounts and balance sheets. Such directors or equivalent persons should also make readily available and accessible such financial statements to debenture holders either in printed form or electronic means.

6.2 The borrowing entity and guarantor entity should promptly inform debenture holders of the release of these financial statements, and disclose clearly to the debenture holders how and where the financial statements may be accessed.