



Monetary Authority of Singapore

CIS PRACTICE NOTE 1/2005

**ADMINISTRATIVE PROCEDURES FOR
RETAIL SCHEMES**

(Issued on 15 October 2005)

COLLECTIVE INVESTMENT SCHEMES (“CIS”)

Procedures for applying for authorisation or recognition of retail schemes and lodgment of prospectuses for registration

Under Sections 285(1) of the Securities and Futures Act (Cap. 289) (“SFA”), no person shall make an offer of a CIS unless it has been authorised or recognised. In addition, under Section 296(1) of the SFA, an offer of CIS may not be made unless a prospectus has been lodged with the Authority, and the Authority registers the prospectus. Under Section 296(6) of the SFA, the Authority may register a prospectus on any day between the 14th and the 21st day (both days inclusive) from the date of its lodgment with the Authority. This may be extended to the 28th day if the Authority gives notice of an extension.

2 The SFA does not require an application for authorisation or recognition of the CIS and the lodgment of its prospectus for registration to be made simultaneously. In planning a launch of a CIS, offerors should take paragraphs 7 to 10 below on timing and procedures for applications for authorisation or recognition into consideration. In cases where a longer processing time is required for considering applications for authorisation or recognition, offerors are advised to obtain approval for authorisation or recognition before a prospectus is lodged.

I Application for authorisation or recognition

Application forms

3 An application for authorisation or recognition of a CIS must be submitted by the offeror on Form 1 or Form 2 respectively¹. For the purpose of authorisation or recognition, each sub-fund of an umbrella fund is treated as one scheme. The completed Form 1 or Form 2 must be accompanied by a cheque for \$1,200 made payable to the Monetary Authority of Singapore.

4 A true and complete **electronic image** of the following shall be lodged or submitted:

- a) duly signed Form 1 or Form 2; and
- b) if applicable, the authorisation referred to in regulation 18 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 (“SFR”).

¹ A copy of the forms may be found at the Authority’s Internet website at <http://www.mas.gov.sg> (under “Legislation and Notices”, “Securities and Futures”).

5 Every electronic image lodged with or submitted to the Authority shall comply with the requirements set out in regulation 16 of the SFR:

- a) the electronic images shall be in portable document format (PDF) or tagged image file format (TIFF);
- b) the electronic images shall be lodged or submitted by submitting to the Authority a CD-ROM containing the electronic images; and
- c) the CD-ROM shall be labelled with a description of what the electronic images relate to and the date of lodgment or submission.

6 A **printed copy** of the duly signed Form 1 or Form 2 should also be submitted to the Authority with the application.

Timing and Procedures for applications

7 Applications for authorisation of schemes to be constituted in Singapore which will –

- a) be managed in Singapore and meet the requirements of either the guidelines for non-specialised funds or specialised funds set out in the Code on Collective Investment Schemes (“the Code”); or
- b) feed into a foreign scheme approved by its home regulator for offer to retail investors –
 - i) in countries where the laws and practices accord to investors protection at least equivalent to that provided by authorised schemes; and
 - ii) are invested substantially in compliance with the relevant investment guidelines for authorised schemes set out in the Code²; or
- c) be sub-managed by a reputable foreign manager supervised by an acceptable regulator and would comply with the requirements of either the guidelines for non-specialised funds or specialised funds set out in the Code,

should be submitted at least 21 days before the proposed launch date of a scheme.

8 Applications for recognition of schemes constituted or to be constituted outside Singapore which are approved or to be approved by its home regulator for offer to retail investors –

- a) in countries where the laws and practices accord to investors protection at least equivalent to that provided by authorised schemes; and

² Currently not applicable to underlying or applicant UCITS III schemes

- b) are/will be invested substantially in compliance with the relevant investment guidelines for authorised schemes set out in the Code¹,

should also be submitted at least 21 days before the proposed launch date of the scheme

9 Applications for –

- a) authorisation of a feeder scheme under paragraph 4(b) where the underlying scheme is a UCITS III scheme; or
- b) recognition of a UCITS III scheme under paragraph 5

should include the following –

- i) Evidence that the underlying or applicant UCITS III scheme has been authorised in its home jurisdiction and a statement from the responsible person of the applicant feeder or UCITS III scheme on whether conditions or restrictions in relation to the authorisation of the underlying or applicant UCITS III scheme respectively have been imposed by the home regulator. If conditions or restrictions have been imposed, these should be clearly set out in the application. Where the underlying or applicant UCITS III scheme's application for authorisation in its home jurisdiction is still pending, evidence of its authorisation when it is granted should be submitted to the Authority as soon as practicable; and
- ii) Documentation of the risk management process, filed with and approved by the home regulator, where the underlying or applicant UCITS III scheme intends to use or invest in financial derivative instruments.

10 For schemes which do not fall into the categories set out in paragraph 4, 5 or 6 above or those with novel features that could have a material impact on investors and which may require a longer processing time, the manager should submit the application for authorisation or recognition at least 45 days before the proposed launch date of the scheme.

Applications for exemption under the SFA or for inclusion in the Central Provident Fund Investment Scheme ("CPFIS")

11 Offerors of an authorised or recognised scheme who wish to apply for an exemption from the requirements of the SFA are advised to make such an application before the prospectus is lodged. Similarly, offerors intending to apply for the CIS to be included in the CPFIS should take into account the processing time required by the CPF Board.

Granting Authorisation

12 Offerors will be informed in writing as to the outcome of an application.

13 In the case of a scheme whose application for authorisation is successful and where a trust deed is required, authorisation will only be given when the Authority has received –

- a) either
 - i) a copy of the signed trust deed; or
 - ii) a facsimile of the cover page of the trust deed and the last page of the trust deed containing the signatures of the parties to the trust deed; and
- b) written confirmation by the manager and trustee or their solicitors that the trust deed complies with the requirements of the SFR.

If a(ii) above is submitted, a copy of the signed trust deed should subsequently be submitted to the Authority for its record.

Pending the signing of a trust deed, the Authority will, if requested to do so, give in-principle authorisation for a scheme.

Granting Recognition

14 Offerors will be informed in writing as to the outcome of an application.

15 In the case of an application for recognition of an existing foreign scheme, as there is no requirement for a trust deed that complies with prescribed requirements, only final recognition of the scheme will be given.

16 In the case of an application for recognition of a scheme in the process of obtaining approval in another jurisdiction, the Authority will grant final recognition upon receipt of a copy of the letter of approval of the foreign scheme by its home regulator. If requested, in-principle recognition will be given.

Conversion of UCITS I schemes to UCITS III schemes

17 Please refer to Appendix A for the procedures with respect to the continued offer of an existing recognised scheme converting to a UCITS III scheme or an existing authorised scheme feeding into an underlying scheme converting to a UCITS III scheme.

II Lodgment of prospectuses for registration

General Requirements

18 Lodgment of prospectuses should be made between 8.30 a.m. and 12.30 p.m. and between 1.30 p.m. and 5.30 p.m. from Mondays to Fridays (except public holidays). The place of lodgment is:

Capital Markets Department
MAS Building #25-00
10 Shenton Way
Singapore 079117

In normal circumstances, the prospectus will be registered between 14 and 21 days from the date of lodgment. The offeror or its solicitor will be informed in writing when the prospectus is registered.

19 The registration and expiry date of the prospectus need not be included in the lodged prospectus. Offerors need only include these items in the prospectus distributed to investors. The risk classification for funds included under the CPFIS, which is required under the Authority's prospectus checklist, and interest rates payable on the Ordinary and Special Accounts of CPF members which are required to be included by the CPF Board (collectively referred to as "CPFIS information") need not be included in the lodged prospectus if CPF approval for inclusion of the CIS under the CPFIS has not been obtained. These items may be inserted by way of an amendment to the prospectus as soon as practicable.

Lodgment of new prospectuses for registration

20 Lodgment of a prospectus with the Authority must be made on Form 6 with a cheque for \$1,200.

21 A prospectus must be lodged **in electronic form** (in searchable format) and shall comply with the requirements set out in regulation 16 of the SFR:

- a) the prospectus shall be in portable document format (PDF) or tagged image file format (TIFF);
- b) the prospectus shall be lodged by submitting to the Authority a CD-ROM containing the prospectus; and
- c) the CD-ROM shall be labelled with the name of the person making the offer and the manager for the CIS the units in which are the subject of the offer (if different from the person making the offer), the nature of the document, and the date the document is lodged with the Authority.

22 The following items should be submitted to the Authority at the time of lodgment of the prospectus:

- a) a **printed copy** of the prospectus; and
- b) a **printed copy** of a duly completed prospectus compliance checklist (Appendix B).

23 A true and complete **electronic image** of the following shall be lodged with or submitted to the Authority together with the prospectus lodged in electronic form:

- a) every signature accompanying the prospectus;
- b) duly signed Form 6;
- c) duly signed undertaking not to make an exempt offer referred to in regulation 15 (a sample of which is attached at Appendix C);
- d) duly signed statement that the printed copy of the prospectus submitted is a true copy of the prospectus lodged with the Authority in electronic form (a sample of which is attached at Appendix D); and
- e) if applicable, the authorisation referred to in regulation 18 of the SFR.

24 Every electronic image lodged with or submitted to the Authority shall comply with the requirements set out in regulation 16 of the SFR:

- a) the electronic images shall be in portable document format (PDF) or tagged image file format (TIFF);
- b) the electronic images shall be lodged or submitted by submitting to the Authority a CD-ROM containing the electronic image(s); and
- c) the CD-ROM shall be labelled with a description of what the electronic images relate to and the date of lodgment or submission.

Re-lodgment of prospectuses for registration

25 The re-lodgment of a prospectus that would otherwise expire must be made on Form 6 with a cheque for \$350. In addition to complying with the requirements set out in paragraphs 21 to 24, a **printed copy** of the prospectus with amendments tracked over the previously registered prospectus should be submitted to the Authority at the time of lodgment of the prospectus.

Lodgment of amendments to prospectus before its registration

26 The lodgment of amendments to be made to a prospectus, which has been lodged but not registered, must be made on Form 6 with a cheque for \$600.

27 Any amendment to a prospectus must be lodged **in electronic form** (in searchable format) and shall comply with the requirements set out in regulation 16 of the SFR:

- a) the prospectus shall be in portable document format (PDF) or tagged image file format (TIFF);
- b) the prospectus shall be lodged by submitting to the Authority a CD-ROM containing the prospectus; and
- c) the CD-ROM shall be labelled with the name of the person making the offer and the manager for the CIS the units in which are the subject of the offer (if different from the person making the offer), the nature of the document, and the date the document is lodged with the Authority.

28 The following items should be submitted to the Authority at the time of lodgment of the amended prospectus:

- a) a **printed copy** of the amended prospectus; and
- b) a **printed copy** of the amended prospectus with amendments tracked over the originally lodged prospectus.

29 A true and complete **electronic image** of the following shall be lodged with or submitted to the Authority together with the prospectus lodged in electronic form:

- a) every signature accompanying the amended prospectus;
- b) duly signed Form 6;
- c) duly signed statement that the printed copy of the amended prospectus submitted is a true copy of the amended prospectus lodged with the Authority in electronic form; and
- d) if applicable, the authorisation referred to in regulation 18 of the SFR.

30 For the purposes of determining the 14th and 21st day set out in section 296(6) of the SFA for the Authority to register a prospectus, the inclusion of CPFIS information will be considered amendments to the prospectus made with the consent of the Authority under section 296(8); hence the registration timetable will continue to run from the original lodgment date. No fees will be charged for lodging such amendments.

Lodgment of supplementary or replacement prospectuses

31 Supplementary or replacement prospectuses are lodged but not registered. Such lodgments must be made on Form 6 with a cheque for \$1,200.

32 A supplementary or replacement prospectus must be lodged in electronic form (in searchable format) and shall comply with the requirements set out in regulation 16 of the SFR:

- a) the prospectus shall be in portable document format (PDF) or tagged image file format (TIFF);
- b) the prospectus shall be lodged by submitting to the Authority a CD-ROM containing the prospectus; and
- c) the CD-ROM shall be labelled with the name of the person making the offer and the manager for the CIS the units in which are the subject of the offer (if different from the person making the offer), the nature of the document, and the date the document is lodged with the Authority.

33 A **printed copy** of the supplementary or replacement prospectus shall be submitted to the Authority at the time of lodgment of the supplementary or replacement prospectus. When lodging a replacement prospectus, a **printed copy** of the replacement prospectus with amendments tracked over the originally registered prospectus should also be submitted to the Authority.

34 A true and complete **electronic image** of the following shall be lodged with or submitted to the Authority together with the supplementary or replacement prospectus lodged in electronic form:

- a) every signature accompanying the supplementary or replacement prospectus;
- b) duly signed Form 6;
- c) duly signed statement that the printed copy of the supplementary or replacement prospectus submitted is a true copy of the supplementary or replacement prospectus lodged with the Authority in electronic form;
- d) if applicable, the authorisation referred to in regulation 18; and
- e) in the case of a replacement prospectus, a duly signed undertaking not to make an exempt offer referred to in regulation 15 of the SFR.

35 Where an offeror becomes aware of deficiencies in a registered prospectus arising from any of the circumstances set out in section 298(1) of the SFA, the offeror must lodge a supplementary or replacement prospectus. Such supplementary or replacement prospectuses must be made available to participants or applicants for units in a scheme in accordance with section 298(10) of the SFA.

36 Where a supplementary or replacement prospectus is being lodged pursuant to section 298(2) of the SFA, the offeror must submit a declaration that none of the situations set out in section 298(1) apply.

III Miscellaneous

Signatures on documents lodged with the Authority

37 The page containing the signatures accompanying a document lodged with the Authority should clearly identify the document to which the signatures relate.

38 The name and designation of the person who has signed the document, e.g. "XYZ, Partner" or "ABC, Director", should be stated below his signature.

39 Where a document is signed on behalf of a director or proposed director by an authorised person, the names of both the authorised person and the corresponding director or proposed director should be clearly stated below the authorised person's signature, for example by setting out the words, "Signed by (name of authorised person) on behalf of (name of director/proposed director)".

Procedures for the Continued Offer of Existing Recognised schemes converting to UCITS III schemes or Existing Authorised schemes feeding into Underlying schemes converting to UCITS III schemes

1. Existing recognised scheme converting to a UCITS III scheme

1.1 Participants of the recognised scheme should be informed of its proposed conversion to a UCITS III scheme no later than the timeline prescribed by the home regulator or that provided for in the Articles of Incorporation of the recognised scheme, whichever is applicable. The notification should clearly set out all significant changes to be made to the recognised scheme upon its conversion to a UCITS III scheme, including any changes in its investment objective, policy and scope. In this respect, the notification should include appropriate risk disclosures relating to the new investment objective, policy and scope. A copy of the notification should be extended to the Authority at the time it is sent to participants of the recognised scheme.

1.2 The following should be submitted to the Authority as soon as practicable, but no later than one month after the conversion of the recognised scheme to a UCITS III scheme –

- a) Evidence that the recognised scheme has been authorised in its home jurisdiction and a statement from the responsible person of the recognised scheme on whether conditions or restrictions in relation to the authorisation have been imposed by the home regulator. If conditions or restrictions have been imposed, these should be clearly set out; and
- b) Documentation of the recognised scheme's risk management process filed with and approved by the home regulator where the recognised scheme intends to use or invest in financial derivative instruments.

1.3 Upon the conversion of the recognised scheme to a UCITS III scheme, the responsible person of the scheme should ensure that the Singapore prospectus does not contain false or misleading information, or omits information, on the recognised scheme. Where necessary, an updated Singapore prospectus, or a supplementary or replacement prospectus, should be lodged with the Authority to reflect the changes, if any, in the recognised scheme.

2. Existing authorised scheme feeding into an underlying scheme converting to a UCITS III scheme (the “feeder scheme”)

2.1 The Authority should be informed of the underlying scheme’s conversion to a UCITS III scheme as soon as practicable, but no later than fourteen days after the responsible person of the feeder scheme is notified of the conversion. Where significant changes are made to the underlying scheme upon its conversion to a UCITS III scheme, participants of the feeder scheme should be informed of the changes as soon as practicable, but no later than one month after the responsible person of the feeder scheme is notified of the conversion. Where there are no significant changes made to the underlying scheme, participants of the feeder scheme should be informed of the underlying scheme’s conversion to a UCITS III scheme in the next semi-annual or annual report of the feeder scheme.

2.2 The notification to participants of the feeder scheme should clearly set out the significant changes made to the underlying scheme upon its conversion to a UCITS III scheme, including any changes in its investment objective, policy and scope. In this respect, the notification should include appropriate risk disclosures relating to the new investment objective, policy and scope. A copy of the notification should be extended to the Authority at the time it is sent to participants of the feeder scheme.

2.3 The following should be submitted to the Authority as soon as practicable, but no later than one month after the conversion of the underlying scheme to a UCITS III scheme or one month after the responsible person of the feeder scheme is notified of the conversion of the underlying scheme to a UCITS III scheme, whichever is later –

- a) Evidence that the underlying scheme has been authorised in its home jurisdiction and a statement from the responsible person of the feeder scheme on whether conditions or restrictions in relation to the authorisation have been imposed by the home regulator. If conditions or restrictions have been imposed, these should be clearly set out; and
- b) Documentation of the underlying scheme’s risk management process filed with and approved by the home regulator where the underlying scheme intends to use or invest in financial derivative instruments.

2.4 Upon the conversion of the underlying scheme to a UCITS III scheme, the responsible person of the feeder scheme should ensure that the prospectus does not contain false or misleading information, or omits information, on the feeder scheme. Where necessary, an updated prospectus, or a supplementary or replacement prospectus, should be lodged with the Authority to reflect the changes, if any, in the feeder scheme.

Compliance Checklist on Matters to be included in Prospectus required pursuant to Section 296(1)(a)(i) of the Securities and Futures Act

[For more information on each disclosure requirement, please refer to the Third Schedule of the SFR.]

Section	Disclosure Requirement	Paragraph in Prospectus (If N/A, explain why item is not applicable or relevant)
I	Basic information	
1	Name of Collective Investment Scheme (CIS)	
2	Date of registration and expiry date of prospectus	
3	Place of constitution	
4	Trust deed and supplemental deeds	
5	Semi-annual reports, semi-annual performance statements and audited financial statements	
6	Disclaimer	
7	Scheme constituted outside Singapore	
8	Table of contents	
II	The manager	
9	Name and address of the manager	
10	Track record of Manager	
III	The representative	
11	Name and address of the representative	
IV	The trustee	
12	Name of trustee	

V	Other parties	
13	Name of investment adviser	
14	Name of registrar and where the register can be inspected	
15	Name of auditor	
VI	Structure of the Scheme	
16	Standalone fund or umbrella fund	
17	Details required for a fund of funds, a feeder fund or a submanaged fund	
VII	Investment Objectives, Focus and Approach	
18	Investment objectives	
19	Investment focus	
20	Investment approach	
VIII	CIS Included under the CPF Investment Scheme	
21	Fact of inclusion and risk category	
IX	Fees and Charges	
22	Fee table	
X	Risks	
23	General risks	
24	Specific risks	
XI	Subscription of Units	
25	Subscription procedure	
26	Minimum subscription amount	
27	Initial purchase price and initial offer period	
28	Dealing deadline and pricing basis	
29	Numerical example under pricing system adopted	

30	Confirmation of purchase	
31	Minimum fund size	
32	Return of contributions	
33	Classes of units	
XII	Regular Savings Plan (RSP)	
34	Details of RSP	
35	Statement that investors may cease participation in the RSP	
XIII	Realisation of Units	
36	Realisation procedure	
37	Minimum holding amount and minimum realisation amount	
38	Dealing deadline and pricing basis	
39	Numerical example under pricing system adopted	
40	Payment of realisation proceeds	
XIV	Switching of Units	
41	Switching procedure	
XV	Obtaining Prices of Units	
42	How to obtain price information	
XVI	Suspension of Dealings	
43	Circumstances	
XVII	Performance of the Scheme	
44-51	Past performance of the scheme	
52-56	Comparison between the scheme and another CIS or an index	
57-59	Comparison between the scheme and other forms of investment	

60-61	Performance of the manager or submanager	
62-66	Future performance of the scheme	
67-70	Performance of benchmark	
71	Expense ratio	
72	Turnover ratio	
XVIII	Soft Dollar Commissions/Arrangements	
73	Details of soft dollar arrangements	
XIX	Conflicts of Interest	
74	Description of conflicts of interest and how they will be resolved or mitigated.	
XX	Reports	
75	Financial year-end and distribution of reports	
XXI	Specialised CIS	
76	Warning statements and/or additional information required for specialised CIS	
XXII	Queries and Complaints	
77	Telephone contact	
XXIII	Other Material Information	
78	Other material information	

Sample undertaking not to make an exempt offer

1. We/I* hereby undertake that we/I* will not, at any time after the prospectus/replacement document* has been registered by the Authority and before the expiration of the relevant period referred to in section 299 of the Securities and Futures Act (Cap. 289) (the “Act”), make any exempt offer in respect of units in the same collective investment scheme. If we/I* intend to do so, we/I* will—

- (a) notify the Authority of our/my* intention to make an exempt offer in respect of units in the same collective investment scheme; and
- (b) take reasonable steps to inform in writing every investor to whom the exempt offer is made —
 - (i) of the specific provision in Subdivision (4) of Division 2 of Part XIII of the Act under which the exempt offer is made; and
 - (ii) that the offer is made in reliance on that provision.

Signature of the person making the offer (where the person making the offer is an individual) / director or equivalent person of the entity (where the person making the offer is an entity) *

Name of the person making the offer (where the person making the offer is an individual) / director or equivalent person of the entity (where the person making the offer is an entity) *

Date (dd/mm/yy) of Undertaking

* Please delete where inapplicable.

Sample statement to verify that the copy of the prospectus submitted to the Authority in paper form is a true copy of the prospectus lodged in electronic form

I hereby verify, as required under regulation 17(2)(b) of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, that the printed copy of the [(*identify the offer document lodged*)] relating to the [(*provide brief description of proposed offer*)] submitted to the Authority on [(*insert date*)] is a true copy of the [(*identify the offer document lodged*)] lodged with the Authority in electronic form on [(*insert date*)].

Signature of the person making the offer (where the person making the offer is an individual) / director or equivalent person of the entity (where the person making the offer is an entity) / advocate and solicitor acting on behalf of the person making the offer *

Name of the person making the offer (where the person making the offer is an individual) / director or equivalent person of the entity (where the person making the offer is an entity) / advocate and solicitor acting on behalf of the person making the offer *

Date (dd/mm/yy)

* Please delete where inapplicable.