



Monetary Authority of Singapore

CIS PRACTICE NOTE 1/2002

**ADMINISTRATIVE PROCEDURES FOR
RETAIL SCHEMES**

(Last Updated 6 June 2005)

COLLECTIVE INVESTMENT SCHEMES (“CIS”)

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

Under Sections 285(1) of the Securities and Futures Act 2001 (“SFA”), a CIS may not be offered to the public 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 and a written application for its registration made 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 lodgement 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 lodgement of its prospectus for registration to be made simultaneously. In planning a launch of a CIS, offerors should take paragraphs 4 to 7 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 respectively. 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 the information prescribed therein and a cheque for \$1,200 made payable to the Monetary Authority of Singapore.

Timing and Procedures for applications

4 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 Code¹; 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.

5 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
- 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

6 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, please submit evidence to the Authority immediately upon the scheme's authorisation; and

¹ Currently not applicable to underlying or applicant UCITS III schemes

- 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.

7 For schemes which do not fall into the categories set out in paragraph 4 or 5 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")

8 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 CPF.

Granting Authorisation

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

10 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 Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2002 ("SFR").

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

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

12 In the case of an application for recognition of an existing foreign scheme, as there is no need for a trust deed in compliance with our prescribed requirements, only final recognition of the scheme will be given.

13 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 submission 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

14 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 Lodgement of prospectuses for registration

General Requirements

15 Lodgement of prospectuses should be made on Form 6 with the Authority 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 lodgement is:

Securities and Futures Department
MAS Building #25-00
10 Shenton Way
Singapore 079117

In addition to a printed copy of the prospectus, a soft copy of the prospectus on a CD-ROM or floppy diskette, labelled with the name of the umbrella fund and sub-fund or the standalone fund and the date of lodgement, should also be submitted to facilitate the posting of the prospectus on MAS' website for public comment. In normal circumstances, the prospectus will be registered between 14 and 21 days from the date of lodgement. The offeror or its solicitor will be informed in writing when the prospectus is registered.

16 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. (Please see paragraph 21 below about timetable and waiver of fees.)

Lodgement of new prospectuses for registration

17 Lodgement of a scheme's prospectus with the Authority must be made on Form 6 with a cheque for \$1,200. To facilitate the Authority's processing of new prospectuses, offerors are required to indicate compliance with the checklist in Appendix B. This checklist should be submitted with Form 6. The following should also be submitted:

- a) A printed copy of the prospectus; and
- b) A soft copy of the prospectus

Re-lodgement of prospectuses for registration

18 The re-lodgement of a prospectus that would otherwise expire must be made on Form 6 with a cheque for \$350. To facilitate the Authority's processing of re-lodged prospectuses, the following should be submitted:

- a) A printed copy of the prospectus;
- b) A printed copy with amendments tracked over the previously registered prospectus; and
- c) A soft copy of the prospectus.

19 The timing and procedure in paragraphs 15 and 16 also apply to the re-lodgement of prospectuses.

Lodgement of amendments to prospectus before its registration

20 The lodgement 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. The following should be submitted:

- a) A printed copy of the prospectus;
- b) A printed copy with amendments tracked over the originally lodged prospectus, to facilitate the Authority's processing; and
- c) A soft copy of the prospectus.

21 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 lodgement date. No fees will be charged for lodging such amendments.

III Lodgement of supplementary or replacement prospectuses

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

For supplementary prospectuses, the following should be submitted:

- a) A printed copy of the prospectus; and
- b) A soft copy of the prospectus.

For replacement prospectuses, the following should be submitted:

- a) A printed copy of the prospectus;
- b) A printed copy with amendments tracked over the previously registered prospectus; and
- c) A soft copy of the prospectus.

23 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. Supplementary or replacement prospectuses must be sent to participants or applicants for units in a scheme within 7 days from the date of lodgement as required under section 298(10) of the SFA.

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

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 First Schedule of the SFR.]

Section	Disclosure Requirement	Paragraph in Prospectus
I	Basic information	
1	Name of Collective Investment Scheme (CIS)	
2	Date of registration and expiry date of prospectus	
3	Trust deed and supplemental deeds	
4	Semi-annual reports, semi-annual performance statements and audited financial statements	
5	Disclaimer	
6	Table of contents	
II	The manager	
7	Name and address of the manager	
8	Track record of Manager	
III	The representative	
9	Name and address of the representative	
IV	The trustee	
10	Name of trustee	
V	Other parties	
11	Name of investment adviser	
12	Name of registrar and where the register can be inspected	
13	Name of auditor	
VI	Structure of the Scheme	

14	Standalone fund or umbrella fund	
15	Details required for a fund of funds, a feeder fund or a submanaged fund	
VII	Investment Objectives, Focus and Approach	
16	Investment objectives	
17	Investment focus	
18	Investment approach	
VIII	CIS Included under the CPF Investment Scheme	
19	Fact of inclusion and risk category	
IX	Fees and Charges	
20	Fee table	
X	Risks	
21	General risks	
22	Specific risks	
XI	Subscription of Units	
23	Subscription procedure	
24	Minimum subscription amount	
25	Initial purchase price and initial offer period	
26	Dealing deadline and pricing basis	
27	Numerical example under pricing system adopted	
28	Confirmation of purchase	
29	Minimum fund size	
30	Return of contributions	
31	Classes of units	
XII	Regular Savings Plan (RSP)	

32	Details of RSP	
33	Statement that investors may cease participation in the RSP	
XIII	Realisation of Units	
33	Realisation procedure	
34	Minimum holding amount and minimum realisation amount	
35	Dealing deadline and pricing basis	
36	Numerical example under pricing system adopted	
37	Payment of realisation proceeds	
XIV	Switching of Units	
38	Switching procedure	
XV	Obtaining Prices of Units	
39	How to obtain price information	
XVI	Suspension of Dealings	
40	Circumstances	
XVII	Performance of the Scheme	
41-48	Past performance of the scheme	
49-50	Comparison between the scheme and another CIS	
51-52	Comparison between the scheme and other forms of investment	
53-54	Past performance of the manager or submanager	
55-56	Future performance of the scheme	
57-60	Performance of benchmark	
61	Expense ratio	
62	Turnover ratio	
XVIII	Soft Dollar Commissions/Arrangements	

63	Details of soft dollar arrangements	
XIX	Conflicts of Interest	
64	Description of conflicts of interest and how they will be resolved or mitigated.	
XX	Reports	
65	Financial year-end and distribution of reports	
66	Distribution of performance statements	
XXI	Specialised CIS	
67	Warning statements and/or additional information required for specialised CIS	
XXII	Queries and Complaints	
68	Telephone contact	
XXIII	Other Material Information	
69	Other material information	