DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the Attorney-General’s Chambers.
In exercise of the powers conferred by sections 240AA, 251(8), 268A and 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Offers of Investments) (Shares and Debentures) (Amendment No. X) Regulations 2013 and shall come into operation on [● 2013].

Amendment of Part II

2. Part II of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 (G.N. No. S 611/2005) (referred to in these Regulations as the principal Regulations) is amended by inserting, immediately after the heading of Part II, the following:

“Definitions

5A. In this Part –

“bank” means a bank in Singapore or a merchant bank;

“bank in Singapore” has the same meaning as in section 2(1) of the Banking Act (Cap. 19);

“deposit” means –

(a) a deposit as defined in section 4B of the Banking Act (Cap. 19), in a case where the deposit is accepted by a bank; or

(b) a deposit as defined in section 2 of the Finance Companies Act (Cap. 108), in a case where the deposit is accepted by a finance company as defined in that section of that Act;
“merchant bank” means a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186).”

New Division 1 of Part II

3. Part II of the principal Regulations is amended by inserting, immediately before regulation 6, the following Division heading:

“Division 1 — Form and Content”

Insertion of new regulation 16A

4. The principal Regulations is amended by inserting, immediately after regulation 16, the following regulation:

“Advertisements shall be fair and balanced

16A.—(1) An advertisement or publication referred to in section 251(8) of the Act shall –

(a) give a fair and balanced view of the nature, material benefits and material risks of the securities offered; and

(b) present information in a clear manner.

(2) For the purposes of paragraph (1)(a), an advertisement or publication shall be considered as giving a fair and balanced view of the securities offered if –

(a) it gives –

(i) a balanced description of the risks and potential returns of the securities; and

(ii) a proportionate level of prominence to the warnings, disclaimers and qualifications in relation to the claims on potential returns to which they refer to; and

(b) it does not –

(i) give the impression that an investor can profit without risk;

(ii) contain words or graphics that could convey an impression that is inaccurate or inconsistent with the nature or the risks of the securities;
(iii) omit any material information if the omission would cause the advertisement to be misleading; or

(iv) present information in footnotes in a way that would alter the meaning of the main text of the advertisement or publication or cause difficulty to an investor in understanding the securities.

(3) For the purposes of paragraph (1)(b), an advertisement or publication shall be considered as presenting information in a clear manner if –

(a) it presents information in plain language and in a manner that is easily understood by investors; and

(b) it limits the use of jargon or technical terms and, where such terms are used, explains such terms in a way that is easy for investors to understand.

(4) An advertisement or publication shall not –

(a) suggest that –

(i) the securities offered are, or are comparable to, a deposit; or

(ii) there is no or little risk of the investor losing his principal amount or not achieving the stated or targeted rate of returns; or

(b) contain information that is outdated unless it is specified in the advertisement or publication that the information presented is historical information.

(5) Where the securities are structured with the objective of returning the full principal amount to investors at maturity, an advertisement or publication in relation to the securities shall clearly highlight that while the objective is to return the full principal amount to investors at maturity, the securities do not unconditionally guarantee the return of the full principal amount at maturity.
(6) An advertisement or publication shall include a statement that the advertisement or publication has not been reviewed or endorsed by the Authority.

(7) Any person who issues an advertisement or publication in respect of an offer or intended offer shall ensure that the advertisement or publication is approved by its senior management, prior to the publication or dissemination of the advertisement or publication.

(8) In this regulation –

“senior management” –

(a) in the case where the person issuing the advertisement or publication is a corporation, means any person holding the office of chief executive officer or executive director, or equivalent in the corporation;

(b) in the case where the person issuing the advertisement or publication is an individual, means any person holding the office of chief executive officer or executive director, or equivalent, in the corporation which the first-mentioned person is issuing the advertisement or publication on behalf of as employee or agent.”

Amendment of regulation 17

5. Regulation 17 of the principal Regulations is amended–

(a) by inserting, immediately after regulation 17(1), the following paragraphs:

“(1A) Information in an advertisement or publication appearing in any medium of communication, excluding television advertisements or publications but including newspapers, periodicals, magazines or letters, electronic mails or websites, shall be presented in a minimum font size of 10-point Times New Roman.

(1B) Where any information in an advertisement or publication is presented in a footnote, the footnote font size shall be at least half the font size of the word or statement to which it relates, subject to an overall minimum font size of 10-point Times New Roman.”;
(b) by deleting and substituting “either or both of paragraphs (1) and (2)” in paragraph (3), with “any or all of paragraphs (1), (1A), (1B) and (2)”; and

(c) by deleting and substituting “either or both of paragraphs (1) and (2)” in paragraph (4), with “any or all of paragraphs (1), (1A), (1B) and (2)”.

New Division 2 of Part II

6. The principal Regulations is amended by inserting, immediately after regulation 17, the following Division and regulations:

“Division 2 — Requirements for Product Highlights Sheet for the purposes of section 240AA(1) of Act

Application of this Division

17A. This Division shall apply, for the purposes of section 240AA(1) of the Act, to a product highlights sheet in relation to debentures or units of debentures (not excluded under section 240AA(2) of the Act).

Contents of product highlights sheet

17B.—(1) A product highlights sheet shall be prepared in accordance with the format set out in the Seventeenth Schedule.

(2) A product highlights sheet shall contain —

(a) a description of the key features and risks of the debentures or units of debentures;

(b) where appropriate, diagrams and illustrations of the features and structure of the debentures or units of debentures; and

(c) in the case where technical terms are used in the product highlights sheet, a glossary to the product highlights sheet explaining the technical terms.

(3) A product highlights sheet shall not—

(a) contain any statement or matter that is false or misleading in the form and context in which it is included;

(b) contain any material information that is not contained in the prospectus;
(c) contain any material information that differs in any material particular from that set out in the prospectus; or

(d) omit any information from any part of the Product Highlights Sheet which would result in that part of the Product Highlights Sheet being construed as false or misleading.

(4) A person shall not be taken to have contravened paragraph (3)(a) if the false or misleading information is not materially adverse from the point of view of the investor.

(5) For the purposes of paragraph 3(a), the reference to a statement shall include a reference to any information presented, regardless of whether such information is in text or otherwise.

Product highlights sheet shall be fair and balanced

17C.—(1) A product highlights sheet shall give a fair and balanced view of the nature, material benefits and material risks of the securities offered.

(2) For the purposes of paragraph (1), a product highlights sheet shall be considered to give a fair and balanced view of the securities offered if –

(a) the product highlights sheet gives –

(i) a balanced description of the risks and potential returns of the securities; and

(ii) a proportionate level of prominence to the warnings, disclaimers and qualifications in relation to the claims on potential returns to which they refer to; and

(b) the product highlights sheet does not –

(i) give the impression that an investor can profit without risk;

(ii) contain words or graphics that could convey an impression that is inaccurate or inconsistent with the nature or the risks of the securities; or
(iii) present information in footnotes in a way that would alter the meaning of the main text of the product highlights sheet or cause difficulty to an investor in understanding the securities.

(3) A product highlights sheet shall not—

(a) suggest that—

(i) the securities offered are, or are comparable to, a deposit; or

(ii) there is no or little risk of the investor losing his principal or not achieving the stated or targeted rate of returns; or

(b) contain information that is outdated unless it is specified in the product highlights sheet that the information presented is historical information.

Legibility of a product highlights sheet

17D. The information required under regulation 17B to be contained in a product highlights sheet, including footnotes and references—

(a) shall be clearly legible; and

(b) shall be in a font size of at least 10-point Times New Roman.

Page limit of a product highlights sheet

17E.—(1) A product highlights sheet shall have a maximum page limit of—

(a) four pages, where the product highlights sheet does not include diagrams (such as graphs, charts, flowcharts, tables or numerical explanations) or a glossary; or

(b) eight pages, where the information that is not contained in diagrams (such as graphs, charts, flowcharts, tables or numerical explanations) or a glossary, is contained in no more than four pages.
(2) For the avoidance of doubt—

(a) if a product highlights sheet is printed on both sides of a sheet, each sheet of the product highlights sheet will count as 2 (two) pages; and

(b) a page should be no larger than 297 millimetres in length and 210 millimetres in breadth (A4 paper size).”.

New Division 1 of Part III

7. The principal Regulations is amended by inserting, immediately before regulation 18, the following Division heading:

“Division 1 — Meetings of Debenture Holders”.

New Division 2 of Part III

8. The principal Regulations is amended by inserting, immediately before Part IV of the principal Regulations, the following Division heading and regulations:

“Division 2 — Requirements for Ongoing Disclosures for the purposes of section 268A of Act

Application of this Division

23A. This Division shall apply, for the purposes of section 268A of the Act, to debentures which are not listed on a securities exchange (referred to in this Division as unlisted debentures).

Frequency and form of semi-annual reports

23B.—(1) For the purposes of section 268A(1) of the Act, a borrowing entity shall make available to holders of unlisted debentures copies of the semi-annual report within two months from the end of the period covered by the semi-annual report, either—

(a) on the website designated by the borrowing entity as the principal channel of communication with the holders of the debentures or by other electronic means; or

(b) in printed form.

(2) The borrowing entity shall promptly notify the holders of unlisted debentures, either by electronic means or in printed form, of
the release of the reports, stating how and where the reports can be accessed.

(3) The borrowing entity shall provide to holders of unlisted debentures printed copies of the reports upon request.

**Content of semi-annual reports**

23C.—(1) The semi-annual reports shall, where relevant, provide the following information:

(a) whether or not the limitations on the amount that the borrowing entity may borrow have been exceeded;

(b) whether or not the borrowing entity and the guarantor entity have observed and performed all of the covenants and provisions binding upon them respectively by or pursuant to the unlisted debentures or any trust deed during the period covered by the report;

(c) whether or not any event has happened which has caused or could cause the unlisted debentures or any provision of the relevant trust deed to become enforceable and, if so, particulars of that event;

(d) a presentation of the changes in the valuation or bid prices of the unlisted debenture during the period covered by the report and changes in the valuation or bid prices of the unlisted debenture since issuance, in a graph chart format;

(e) a description of the factors contributing to the changes in the valuation or bid prices of the unlisted debenture during the period covered by the report;

(f) where coupon payments have been made during the period covered by the report:

(i) the amount and date of disbursement of the coupon payments; and

(ii) where the unlisted debenture was offered with a predetermined formula for coupon payments, an explanation of the calculation of the actual coupon payments received by holders of the unlisted debentures and any significant deviation from the
maximum coupon payments set out in the marketing and advertising material or disclosure documents;

(g) whether or not any circumstance affecting the borrowing entity, its subsidiaries or its guarantor entity or any of them have occurred which may materially affect:

(i) any security or charge included in or created by the unlisted debentures or any trust deed;

(ii) the ability of the borrowing entity or the guarantor entity to fulfil its obligations under the unlisted debenture;

and if so, particulars of those circumstances;

(h) whether or not there has been any substantial change in the nature of the business of the borrowing entity or any of its subsidiaries or any of its guarantor entities since the unlisted debentures were first issued which has not previously been reported upon and if so, particulars of that change;

(i) where the borrowing entity has deposited money with or lent money to or assumed any liability of a corporation which is related to the borrowing entity, particulars of -

(i) the total amounts so deposited or lent and the extent of any liability so assumed during the period covered by the report; and

(ii) the total amounts owing to the borrowing entity in respect of money so deposited or lent and the extent of any liability so assumed as at the end of the period covered by the report;

distinguishing between deposits, loans and assumptions of liabilities which are secured and those which are unsecured, but not including any deposit with or loan to or any liability assumed on behalf of a corporation if that corporation has guaranteed the repayment of the unlisted debentures of the borrowing entity and has secured the guarantee by a charge over its assets in favour of the
trustee for the holders of the unlisted debentures of the borrowing entity;

(j) where the unlisted debenture has exposure to reference assets or are secured on an underlying collateral, any information relating to the reference asset or the underlying collateral that may materially and adversely affect the unlisted debenture;

(k) where there is a change in the credit rating of the unlisted debenture, the borrowing entity or the guarantor entity, the reference assets, or the underlying collateral during the period covered by the report:

(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 borrowing entity 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 borrowing entity 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;

(l) any other risk exposure, or information, that has had, has or will have an adverse impact on the unlisted debenture that the borrowing entity is aware of; and
(m) fees and charges borne by holders of the unlisted debentures during the period covered by the report.

Material changes

23D.— For the purposes of section 268A(4) of the Act, the information required to be disclosed under that sub-section shall be:

(a) disclosed on the website designated by the borrowing entity as the principal channel of communication with the holders of the unlisted debentures; and

(b) provided to the holders of the unlisted debentures in electronic or printed form.

Bid or redemption prices

23E. For the purposes of sections 268A(6)(a) and 268A(6)(b) of the Act, the information required under the relevant sub-section shall be disclosed on the website designated by the borrowing entity as the principal channel of communication with the holders of the unlisted debentures.

Financial statements

23F.—(1) For the purposes of section 268A(7) of the Act, the profit and loss accounts and balance-sheets referred to in that sub-section shall be made available to holders of unlisted debentures either –

(a) on the website designated by the borrowing entity as the principal channel of communication with the holders of the unlisted debentures or by other electronic means; or

(b) in printed form.

(2) The borrowing entity shall promptly notify the holders of the unlisted debentures, either by electronic means or printed notice, of the release of the financial statements, which shall set out how and where the financial statements can be accessed.

Insertion of new Seventeenth Schedule

9. The principal Regulations is amended by inserting, immediately after the Sixteenth Schedule, the following Schedule:

“
ILLUSTRATION

Illustration – Unlisted debentures in the form of asset-backed securities and structured notes

This Product Highlights Sheet is an important document.
- It highlights the key terms and risks of this investment product and complements the Prospectus.
- 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

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

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

WHO IS THE PRODUCT SUITABLE FOR?

- This product is only suitable for investors who:
  - [State return objectives (e.g. 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].

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1 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]
However, after Y years the product may be callable by the issuer.

### Keys Product Features

#### WHAT ARE YOU INVESTING IN?

[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.]

Example:
- 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].
- During the term of the investment, the issuer agrees to pay you quarterly coupons which depend on the share price performance of:
  - Company A
  - Company B
  - Company C
- The amount of coupons is calculated as follows:
  - [Formula for calculation of coupons]
- 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]
- The product is secured by [type of underlying securities] issued by [name of issuer of underlying securities].

#### Parties Involved

[State all parties involved in the structure of the product, such as issuer, arranger, derivative counterparty, derivative guarantors, issuer of underlying securities, trustee and custodian.]

#### WHO ARE YOU INVESTING WITH?

- 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.
- The trustee of the Notes is [Name of trustee].

#### Possible Outcomes

#### WHAT WOULD YOU GAIN OR LOSE IN DIFFERENT SITUATIONS?

- **Best case scenario:**
  - [Describe payoff to investor in best case scenario and factors that could lead to this scenario.]

- **Worst case scenario:**
  - [Describe payoff to investor in worst case scenario and factors that could lead to this scenario.]
**Other possible scenarios:**
- 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.

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### KEY RISKS

**WHAT ARE THE KEY RISKS OF THIS INVESTMENT?**

[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.]

These risk factors may cause you to lose some or all of your investment:

---

#### Market and Credit Risks

[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.]

**Example:**
- You are exposed to the credit risk of [name of issuer].
  - The Notes are debt obligations of [name of issuer]. If [name of issuer] is unable to fulfil its obligations under the Notes, you may lose all your principal investment.

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#### Liquidity Risks

[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.]

**Example:**
- The Notes are not listed and have limited liquidity.
  - 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, you may receive an amount which is substantially less than your principal.
### Product-Specific Risks

(State product structure-related risks which may result in capped upside potential, unfavourable pricing if redeemed before maturity, potential legal risks, etc)

**Example:**
- **The Issuer is established overseas.**
  - 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.

- **The underlying securities are held overseas.**
  - 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.

- **If the Issuer has to redeem the notes early, due to taxation and other reasons, you may receive less than your principal investment.**

### FEES AND CHARGES

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

(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.)

**Example:**
- The issuer pays each distributor a commission of 3% of the total amount sold by each distributor.

- 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.

Refer to the “[Relevant Section]” on Pg XX of the Prospectus for further information on fees and charges.
## Valuations and Exiting from This Investment

<table>
<thead>
<tr>
<th>HOW OFTEN ARE VALUATIONS AVAILABLE?</th>
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<tbody>
<tr>
<td>[State how often and where valuations are published, eg. provide a web address or the name of local newspapers where the valuation is published.]</td>
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<tr>
<th>HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?</th>
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<tbody>
<tr>
<td>[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.]</td>
</tr>
</tbody>
</table>

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

## Contact Information

<table>
<thead>
<tr>
<th>HOW DO YOU CONTACT US?</th>
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</thead>
<tbody>
<tr>
<td>[State contact details of issuers/distributors whom investors can contact if they have enquiries. Include a website address and email address if appropriate]</td>
</tr>
</tbody>
</table>
RAVI MENON
Managing Director,
Monetary Authority of Singapore.

Made this day of 2013.