



**Annex**

A summary of key proposals in the consultation paper is as follows:

<p><b><i>I. Capital markets regulatory safeguards for investors in non-conventional investment products</i></b></p>
<ul style="list-style-type: none"> <li>• Refine the definition of capital markets products to include:             <ul style="list-style-type: none"> <li>○ buy-back arrangements involving precious metals; and</li> <li>○ collectively-managed investment schemes that display all characteristics of a regulated collective investment scheme (CIS), other than the pooling of investors’ contributions</li> </ul> </li> <li>• Impose requirements on:             <ul style="list-style-type: none"> <li>○ offerors of these products to provide retail investors with an MAS-registered prospectus</li> <li>○ offerors of units in a CIS to seek MAS’ authorisation or recognition of the CIS</li> <li>○ intermediaries dealing in or advising others concerning such products, or marketing a CIS, will also need to be licensed by MAS</li> </ul> </li> </ul>
<p><b><i>II. Complexity-risk ratings for investment products</i></b></p>
<ul style="list-style-type: none"> <li>• Require all investment products available to retail investors to be rated for relative complexity and risk as follows:             <ul style="list-style-type: none"> <li>○ Four levels of complexity rating based on the following factors: (1) number of structural layers; (2) expansiveness of derivative used; (3) availability and usage of known valuation model; (4) number of scenarios determining return outcomes.</li> <li>○ Four levels of risk rating based on pre-determined buckets that considers the likelihood that an investor would lose some or all, or even more than his principal investment amount.</li> </ul> </li> <li>• Require product issuers to rate and disclose complexity and risk ratings, along with historical volatility or credit rating of the product where relevant, in product offering documents and marketing materials</li> <li>• Refine current definitions of Excluded Investment Product (EIP) and Specified Investment Product (SIP) based on proposed complexity rating. Products with “high” or “very high” complexity ratings will be classified as SIPs.</li> </ul>
<p><b><i>III. Option for accredited investors to benefit from full range of capital markets regulatory safeguards applicable to retail investors</i></b></p>
<p><b>Accredited Investor (AI)</b></p> <ul style="list-style-type: none"> <li>• Introduce an opt-in regime for investors who qualify as accredited investors. A two-year transitional period to be provided to existing AIs to opt-in</li> <li>• Amend the AI eligibility criteria as follows:             <ul style="list-style-type: none"> <li><u>For Individuals</u> <ul style="list-style-type: none"> <li>○ Modify the net asset test for individuals by capping the contribution of the individual’s net equity in primary residence to S\$1 million</li> <li>○ Extend the AI eligibility criteria to any person who holds a joint account in an FI or intermediary with an individual who is an AI, but only in respect of transactions entered into with, or through the FI or intermediary, using the joint account</li> </ul> </li> <li><u>For Corporations</u> <ul style="list-style-type: none"> <li>○ Extend the AI eligibility criteria to any corporation wholly owned by AIs</li> </ul> </li> </ul> </li> </ul>

For Trustees

- Extend the AI eligibility criteria to a trustee of a trust in which all of the beneficiaries are AIs

**Institutional Investor (II)**

- Widen the II definition to include:
  - central governments and central governmental agencies of foreign states;
  - supranational governmental organisations;
  - sovereign wealth funds; and
  - financial services firms that are authorised, licensed or regulated in foreign jurisdictions
- Include only statutory boards, and not all statutory bodies in the II definition

**Expert Investor (EI)**

- Remove the expert investor class from the capital markets regulatory framework