RESPONSE TO CONSULTATION PAPER

Consultation topic:	Proposed Amendments to Code on Collective Investment Schemes
Name[1]/Organisation: [1] if responding in a personal capacity	Eastspring Investments (Singapore) Limited ("EISL")

General comments:

NIL

Question 1: MAS seeks comments on the proposed requirements for Precious Metals Funds. MAS also seeks views on (i) imposing an NAV cap on Precious Metals Fund's investments in silver and/or platinum; or (ii) only allowing a Precious Metals Fund to invest in gold, for a start.

NIL

Question 2: MAS seeks comments on the proposed disclosure requirements on a fund manager's credit assessment practices.

a) We seek guidance on MAS' expectations on the frequency of update of a fund manager's credit assessment process.

b) We note that MAS has proposed some details that should be disclosed by the fund manager with respect to the credit risk assessment process. We seek MAS' clarifications on whether MAS intends to prescribe specific details that should be disclosed in the fund prospectus.

c) We are of the view that if the prescribed details on the credit assessment practices to be disclosed are numerous and too specific, there might be operational challenges for fund managers as this might result in frequent updates to the prospectus. In this regard, we respectfully suggest that it would suffice for fund managers to make a principle-based disclosure statement, which is not overly prescriptive, on their credit assessment practices.

d) In addition, we would appreciate MAS' confirmation that any subsequent changes to a fund manager's credit assessment practices would not be deemed as a change that may materially affect the risks and returns of a CIS, which the fund manager should inform MAS and existing participants of the change as soon as practicable, in accordance with Chapter 3.2e)ii) of the CIS Code.

Question 3: MAS seeks comments on the proposal to require additional disclosures on securities lending or repo in the fund's semi-annual and annual reports.

a) We are of the view that it might be operationally challenging to extract and report the data breakdown. Furthermore, depending on the scale of the fund manager's business activities and operations in Singapore, we believe that not all fund managers will have the system capability to reflect the securities lending and repo transactions of its CIS, as only the books of its service providers (i.e. custodians and fund administrators) would reflect the securities being lent out.

b) We are of the view that the current disclosure requirements on securities lending and repo transactions carried out by fund managers set out in Paragraph 8.8 and 8.9 of Appendix 1 - Investment: Core Requirements of the MAS Code on CIS (which are in line with the required disclosures in major jurisdictions such as the EU and Hong Kong) are sufficient. Further, the intended usage of securities lending and repo need to be invested in accordance with the core requirements set out under the MAS Code on CIS.

   As such, the additional proposed disclosure requirements are rather onerous and debatable in terms of its value to end investors. Given the technical nature of additional proposed data to be disclosed, the data may not be meaningful and useful to the end investors (who are the average men on the street) to help them make appropriate investment decisions. The additional proposed data may be more useful for regulators' supervisory purposes or surveillance of the risk exposures in the global financial system.

c) We are of the view that it would be a better approach for regulators to regulate the usage of securities lending or repo under the mutual funds investment guidelines and restrictions similar to the current measures currently adopted by MAS. Alternatively, to allow end investors to assess the risks taken by fund managers with respect to securities lending and repo transactions undertaken by funds, we suggest that MAS can consider requiring fund managers to disclose information that is simple and easily understandable instead, e.g. information on the percentage of securities lending and repo transactions out of the total AUM of the fund etc.

d) Given that numerous fund houses' operations are on a global basis, the proposed additional disclosure requirements for securities lending and repo transactions should be harmonized across jurisdictions for consistency.

e) Specifically, in relation to the proposed disclosure on *(c) the transaction profile broken down by (i) collateral type*, we seek MAS' guidance on whether MAS is looking to govern what is acceptable collateral.

Question 4: MAS seeks comments on the proposal to extend the additional disclosure requirements under the CIS Code to Recognised funds.

We note that MAS is of the understanding that in practice, the additional disclosures are currently made in the prospectus of Recognised funds. However, as far as we are aware, in practice, such additional disclosures are currently not made in the prospectus, as well as the semi-annual and annual reports of Recognised funds. As such, we respectfully suggest that MAS does not proceed with the proposal to extend the additional disclosure requirements under the CIS Code to Recognised funds. The disclosure requirements on recognised funds should be harmonised with the fund disclosure requirements in the various jurisdictions, which MAS has recognised as having comparable regulatory and supervisory regimes to Singapore, for consistency.

Question 5: MAS seeks comments on the proposal to require managers of Authorised and Recognised funds to ensure that advertisement on such funds are prepared in accordance with the CBPA and the RDPA.

NIL

Question 6: MAS seeks comments on the proposal to require a REIT to calculate WALE based on the date of commencement of the leases.

NIL

Question 7: MAS seeks comments on the proposed requirement for a REIT to hold its first AGM within 18 months of its authorisation.

NIL

Question 8: MAS seeks comments on the proposal to allow all funds, except property funds and hedge funds, to pay out redemption proceeds within 7 business days from the receipt of the redemption request.

We agree with MAS' above proposal as the longer redemption period would allow the payment of redemption proceeds over a longer period, which may be beneficial to fund performance as there would not be a need to maintain higher cash positions and excess idle cash to comply with the existing rule in the CIS Code. In addition, a longer redemption period would also provide fund managers more time to liquidate holdings in the funds in an orderly manner.

Question 9: MAS seek comments on the proposal to replace the phrase "passing rents of the underlying sub-leases" in the CIS Code with the phrase "market rents of the underlying sub-leases at the time of entry or renewal of the master lease arrangement", where "market rent" is defined using existing valuation standards.

NIL

Question 10: MAS seeks comments on the proposal to allow an SGX-listed REIT to issue summary financial statements to unitholders in place of full financial statements and report.

NIL

Question 11: MAS seeks comments on the proposals to allow a REIT to also send its accounts and reports to unitholders by electronic means.

NIL