Date of Submission: 12 Dec 2016

RESPONSE TO CONSULTATION PAPER

Consultation topic:	Proposed Amendments to Code on Collective Investment Schemes
Name[1]/Organisation: [1]if responding in a personal capacity	Respondent C

General comments:

Respondent C would like to thank the MAS for the opportunity to provide comments on the Consultation Paper.

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.

No comments

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

No comments

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.

No comments

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

No comments

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.

Respondent C seeks clarification as to whether the CBPA and RDPA guidelines extend to a listed REIT's quarterly and annual result announcements and associated material such as presentation slides, media releases, annual reports and sustainability reports. Respondent C is of the view that such announcements and associated material are to comply with the continuing obligations of listed REITs under Chapter 7 of the SGX Listing Manual.

Therefore, such announcements and associated material should not be considered 'advertisements' that fall within the ambit of the CBPA and the RDPA.

As factsheets and presentations are also classified as advertisements under the Code of Best Practices in Advertising Collective Investment Schemes and Investment-Linked Life Insurance Policies ("CBPA"), Respondent C also takes the view that Paragraph 5.8 of the CBPA on charges and fees should not apply to REITs, as REITs' fee structures are already clearly set out in the trust deeds, prospectuses and annual reports.

The RDPA contains recommendations as to additional disclosures in relation to information such as annualised volatility of total return of the strategy and average payout yield of the portfolio. Respondent C is of that view that using such general ratios for disclosures may be more misleading than helpful. Respondent C is of the opinion that the effectiveness and relevance of the RDPA in relation to REITs would be enhanced if it contained recommendations as to disclosures in relation to REIT-specific metrics, such as distribution per annum.

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

The commitment date/date of signing of agreements more accurately reflects the actual "lease to expiry" of the portfolio. For example, a recently renewed lease of 10 years which has yet to commence would be inappropriately discounted in a REIT's WALE calculation prior to commencement.

As a REIT's WALE calculation is already weighted based on gross rental income,

Respondent C suggests clarifying that WALE be based on gross rental income received during the reported period, instead of a forecast of the incoming income, so as to prevent a distortion of figures. If forecast figures are used to calculate the WALE, Respondent C is of the opinion that it must be clearly disclosed that it is a pro forma calculation.

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

Respondent C is supportive of the proposed change as it would align the first general meeting requirement with the provisions of the Companies Act (Cap 50 of Singapore).

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.

No Comments

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.

Respondent C seeks clarification on whether the proposed disclosure of income support for master leases is to be made at the point of entry or renewal of the master lease, or if it is to be made annually. As market rent is dependent on when the lease is being signed, the "market rent" of the underlying tenant may have been contracted at an earlier date, and at either a higher / lower rate. Accordingly, it may not be possible to provide meaningful disclosure on an annual basis. On this basis it is proposed that "passing rent" continue to be utilised.

Respondent C also notes that "market rent" generally refers to the average asking rent, based on sources such as latest/recent transacted rental rate as at a specific period (eg. quarter). However, MAS proposed to define the term as using existing valuation standards i.e. *as the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion*. This differs from the generally accepted meaning of the term "market rent".

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.

Respondent C is agreeable with the proposal to allow REITs to issue summary financial statements to unitholders similar to other listed companies

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

Respondent C is generally supportive of the proposals. However, Respondent C seeks clarification in respect of the following:

a) whether it would constitute 'sending by electronic means' if an annual report is posted on a REIT's website, without the need for CD-ROMs; and

b) whether MAS would allow the use of only electronic means (i.e.: CD-ROMs / website) to distribute the annual reports, without the need for hardcopies.