



Monetary Authority of Singapore

**FINANCIAL ADVISERS ACT
(CAP. 110)**

**NOTICE ON CANCELLATION PERIOD
FOR UNLISTED DEBENTURES**

Notice No : FAA-N15
Issue Date : 19 April 2011

NOTICE ON THE CANCELLATION PERIOD FOR UNLISTED DEBENTURES

Introduction

1 This Notice is issued by the Monetary Authority of Singapore (the “Authority”) pursuant to section 58 of the Financial Advisers Act (Cap. 110) (the “Act”). It sets out the obligations of the persons specified in paragraph 4 in relation to the cancellation period of an unlisted debenture when they sell (whether direct or indirect) an unlisted debenture to a client.

2 This Notice shall come into effect on 1 May 2011.

Definitions

3 For the purposes of this Notice:

“debenture” has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289);

“exempt financial adviser” has the same meaning as in section 2(1) of the Act;

“financial adviser” has the same meaning as in section 2(1) of the Act;

“relevant person” means any person specified in paragraph 4 of this Notice.

Application

4 This Notice shall apply to –

- (a) holders of a financial adviser’s licence;
- (b) exempt financial advisers;
- (c) representatives of financial advisers;
- (d) persons who are exempted under regulation 29 of the Financial Advisers Regulation (Rg 2) [“FAR”]; and
- (e) representatives of persons who are exempted under regulation 29 of the FAR.

5 This Notice does not apply to the following:

- (a) unlisted debentures with tenures of three months or shorter;
- (b) unlisted debentures which are exempt from prospectus requirements under the SFA; and
- (c) purchases of unlisted debentures where the client is not an individual.

Sale of unlisted debenture

6 A relevant person shall not sell (whether directly or indirectly) to a client any unlisted debenture which does not contain a right, given by the issuer, to cancel the agreement to purchase such debenture.

7 In the sale (whether direct or indirect) of any unlisted debenture to a client, a relevant person shall conduct due diligence on issuers of such unlisted debenture to ensure that the issuers have put in place steps and processes that would satisfy the Guidelines on Cancellation Period for Unlisted Debentures [SFA13-G12] issued by the Authority.

Disclosure of cancellation period

8 When selling an unlisted debenture, the relevant person shall disclose and explain to the client:

- (a) the time frame for the client to reconsider his purchase of an unlisted debenture;
- (b) the terms and procedures for exercising his right to cancel his purchase of the unlisted debenture; and
- (c) that the risk of any fall in value of the unlisted debenture during the cancellation period would have to be borne by the client.