

**DRAFT LEGISLATIVE AMENDMENTS TO THE
SECURITIES AND FUTURES ACT (CAP. 289)
AND
SECURITIES AND FUTURES (PRESCRIBED SPECIFIC CLASSES OF INVESTORS)
REGULATIONS 2005**

**– AMENDMENTS TO DEFINITIONS OF “ACCREDITED INVESTOR”,
“INSTITUTIONAL INVESTOR” AND “EXPERT INVESTOR”**

**DISCLAIMER: This version of the amendments is in draft form and subject to change.
It is also subject to review by the Attorney-General’s Chambers.**

SECURITIES AND FUTURES ACT
(CHAPTER 289)

[...]

Interpretation

2.—(1) In this Act, unless the context otherwise requires —

[...]

“government-owned entity” means an entity wholly and beneficially owned, whether directly or indirectly, by the central government of a country and whose principal activity is to manage its own funds or the funds of a sovereign fund entity;

“sovereign fund entity” means the central government of a country or an entity wholly and beneficially owned by such government, whose funds (which may include the reserves of that government and any pension or provident fund of that country) are managed by a government-owned entity;

[...]

Specific classes of investors

4A.—(1) Subject to subsection (2), unless the context otherwise requires —

(a) “accredited investor” means

(i) an individual —

(A) whose net personal assets exceed in value the minimum amount of \$2 million (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount, and in determining whether an individual’s net personal assets exceeds the minimum amount, the estimated fair market value of an individual’s primary residence less any outstanding amounts in respect of any credit facility granted to the individual or any other person that is secured by that residence, shall not account for more than \$1 million (or its equivalent in a foreign currency) of the minimum amount; or

(B) whose income in the preceding 12 months is not less than \$300,000 (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount;

(ii) a corporation with net assets exceeding \$10 million in value (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe, in place of the first amount, as determined by —

- (A) the most recent audited balance-sheet of the corporation; or
 - (B) where the corporation is not required to prepare audited accounts regularly, a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance-sheet, which date shall be within the preceding 12 months;
 - (iii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or
 - (iv) such other person as the Authority may prescribe;
- (b) ~~“expert investor” means —~~
- ~~(i) — a person whose business involves the acquisition and disposal, or the holding, of capital markets products, whether as principal or agent;~~
 - ~~(ii) — the trustee of such trust as the Authority may prescribe, when acting in that capacity; or~~
 - ~~(iii) — such other person as the Authority may prescribe; [Deleted]~~
- (c) “institutional investor” means —
- (i) the Government;
 - (ii) a statutory board specified in Part I of the Fifth Schedule;
 - (iii) any sovereign fund entity or government-owned entity;
 - (iv) any central government in a jurisdiction other than Singapore;
 - (v) any central governmental agency in a jurisdiction other than Singapore;
 - (vi) any multilateral agency, organisation or entity specified in Part II of the Fifth Schedule;
 - ~~(i)~~(vii) a bank that is licensed under the Banking Act (Cap. 19);
 - ~~(ii)~~(viii) a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
 - ~~(iii)~~(ix) a finance company that is licensed under the Finance Companies Act (Cap. 108);
 - ~~(iv)~~(x) a company or co-operative society that is licensed under the Insurance Act (Cap. 142) to carry on insurance business in Singapore;

- ~~(v)~~(xi) a company licensed under the Trust Companies Act (Cap. 336);
- (xii) a holder of a capital markets services licence;
- ~~(vi)~~ ~~the Government;~~
- ~~(vii)~~ ~~a statutory body established under any Act;~~
- (xiii) a person (other than an individual) carrying on business outside Singapore, the conduct of which, if carried on in Singapore, would require such person to be licensed as a holder of a capital markets services licence, or licensed to carry on insurance business under the Insurance Act (Cap. 142), or licensed, registered, approved or regulated by the Authority under the Banking Act (Cap. 19), Monetary Authority of Singapore Act (Cap. 186), Finance Companies Act (Cap. 108) or Trust Companies Act (Cap. 336);
- ~~(viii)~~(xiv) a pension fund or collective investment scheme;
- ~~(ix)~~ ~~the holder of a capital markets services licence for—~~
 - ~~(A)—dealing in securities;~~
 - ~~(B)—fund management;~~
 - ~~(C)—providing custodial services for securities;~~
 - ~~(CA) real estate investment trust management;~~
 - ~~(D)—securities financing; or~~
 - ~~(E)—trading in futures contracts;~~
- ~~(x)~~(xv) a person (other than an individual) who carries on the business of dealing in bonds with accredited investors ~~or expert investors;~~
- ~~(xi)~~(xvi) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or
- ~~(xii)~~(xvii) such other person as the Authority may prescribe.

FIFTH SCHEDULE

Section 4A(1)(c)(ii)

PART I

SPECIFIED STATUTORY BOARDS

1. Accounting and Corporate Regulatory Authority
2. Agency for Science, Technology and Research (A*STAR)
3. Agri-Food and Veterinary Authority of Singapore
4. Board of Architects
5. Building and Construction Authority
6. Casino Regulatory Authority
7. Central Provident Fund Board
8. Civil Aviation Authority of Singapore
9. Civil Service College
10. Competition Commission of Singapore
11. Council for Estate Agencies
12. Council for Private Education
13. Defence Science and Technology Agency
14. Economic Development Board
15. Energy Market Authority
16. Health Promotion Board
17. Health Sciences Authority
18. Hindu Endowments Board
19. Hotels Licensing Board
20. Housing and Development Board
21. Infocomm Development Authority of Singapore
22. Inland Revenue Authority of Singapore
23. Institute of Southeast Asian Studies

24. [Institute of Technical Education](#)
25. [Intellectual Property Office of Singapore](#)
26. [International Enterprise Singapore](#)
27. [JTC Corporation](#)
28. [Land Surveyors Board](#)
29. [Land Transport Authority of Singapore](#)
30. [Majlis Ugama Islam Singapura](#)
31. [Maritime and Port Authority of Singapore](#)
32. [Media Development Authority](#)
33. [Monetary Authority of Singapore](#)
34. [Nanyang Polytechnic](#)
35. [National Arts Council](#)
36. [National Council of Social Service](#)
37. [National Environment Agency](#)
38. [National Heritage Board](#)
39. [National Library Board](#)
40. [National Parks Board](#)
41. [Ngee Ann Polytechnic](#)
42. [People's Association](#)
43. [Professional Engineers Board](#)
44. [Public Transport Council](#)
45. [Public Utilities Board](#)
46. [Republic Polytechnic](#)
47. [Science Centre Board](#)
48. [Sentosa Development Corporation](#)
49. [Singapore Corporation of Rehabilitative Enterprises](#)
50. [Singapore Dental Council](#)

51. Singapore Examinations & Assessment Board
52. Singapore Labour Foundation
53. Singapore Land Authority
54. Singapore Medical Council
55. Singapore Nursing Board
56. Singapore Pharmacy Council
57. Singapore Polytechnic
58. Singapore Totalisator Board
59. Singapore Tourism Board
60. Singapore Workforce Development Agency
61. Sport Singapore
62. Spring Singapore (Standards, Productivity and Innovation Board)
63. Temasek Polytechnic
64. Traditional Chinese Medicine Practitioners Board
65. Urban Redevelopment Authority

Section 4A(1)(c)(vi)

PART II

SPECIFIED MULTILATERAL AGENCIES, ORGANISATIONS AND ENTITIES

1. African Development Bank
2. Asian Development Bank
3. Bank for International Settlements
4. European Bank for Reconstruction and Development
5. European Economic Community
6. European Investment Bank
7. Inter-American Development Bank
8. International Bank for Reconstruction and Development (World Bank)

9. International Finance Corporation

10. International Monetary Fund

SECURITIES AND FUTURES ACT
(CHAPTER 289)
SECURITIES AND FUTURES (~~PRESCRIBED-SPECIFIC~~ CLASSES OF INVESTORS)
REGULATIONS 2005

[...]

Definitions

1A. In these Regulations, unless the context otherwise requires —

“financial institution” means —

- (a) any bank licensed under the Banking Act (Cap. 19);
- (b) any finance company licensed under the Finance Companies Act (Cap. 108);
- (c) any insurer licensed or regulated under the Insurance Act (Cap. 142);
- (d) any insurance intermediary registered or regulated under the Insurance Act;
- (e) any holder of a capital markets services licence under the Act;
- (f) any trustee for a collective investment scheme authorised under section 286 of the Act, that is approved under the Act;
- (g) any trustee-manager of a business trust that is registered under the Business Trusts Act (Cap. 31A);
- (h) any licensed trust company under the Trust Companies Act (Cap. 336); and
- (i) any other person licensed, approved, registered or regulated by the Authority under any written law,

but does not include –

- (i) any money-changer licensed to conduct money-changing business, or any remitter licensed to conduct remittance business, under the Money-changing and Remittance Businesses Act (Cap. 187);
- (ii) any licensed financial adviser under the Financial Advisers Act (Cap. 110); and
- (iii) any holder of a stored value facility under the Payment Systems (Oversight) Act (Cap. 222A).

Accredited investors

2. The following persons are prescribed, under sub-paragraphs (iii) and (iv) of section 4A(1)(a) of the Act, as an accredited investors ~~for the purposes of the Act:~~

- (a) an individual who holds a joint account at any financial institution with one or more individuals, each of whom is an accredited investor, in respect of transactions entered into with the financial institution or through the financial institution using that joint account;

~~(a)~~(b) the trustee of —

(i) a trust of which all property and rights of any kind whatsoever held on trust for the beneficiaries of the trust exceed \$10 million in value (or its equivalent in a foreign currency); or

(ii) a trust where all beneficiaries of the trust are accredited investors;

~~(b)~~(c) an entity (other than a corporation) with net assets exceeding \$10 million in value (or its equivalent in a foreign currency);

~~(e)~~(d) a partnership (other than a limited liability partnership within the meaning of the Limited Liability Partnerships Act 2005 (Act 5 of 2005)) in which each partner is an accredited investor;

~~(d)~~(e) a corporation, ~~the sole business of which is to hold investments and~~ the entire share capital of which is owned by one or more persons, each of whom is an accredited investor.

2A. A financial institution shall assess whether its customer is an accredited investor other than a customer which is an institutional investor, and prior to treating such customer as an accredited investor, the financial institution shall:

(a) provide to the customer a written explanation of the risk and consequences of being treated as an accredited investor; and

(b) obtain a written and signed declaration from such customer that the consequences of consenting to being treated as an accredited investor and the right to withdraw from being treated as such have been explained to him, and that he consents to be treated as an accredited investor.