

CONSULTATION PAPER

P020 - 2014
September 2014

Consultation Paper on Facilitating Bond Offerings to Retail Investors

MAS

Monetary Authority of Singapore

PREFACE

MAS is proposing changes to the regulatory regime for bond offerings. The proposals aim to improve access to bond offerings by retail investors.

2 MAS invites interested parties to forward their views and comments on the issues outlined in this consultation paper. Written comments should be submitted to:

Primary Markets Conduct Division
Market Conduct Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

Email: PartXIIISFA_SFR_amendments@mas.gov.sg
Fax: (65) 6225 1350

3 MAS requests that all comments and feedback be submitted by 30 September 2014. Please note that all submissions received may be made public unless confidentiality is specifically requested for.

TABLE OF CONTENTS

	PREFACE	I
1	INTRODUCTION	3
2	SCOPE OF BONDS UNDER THE PROPOSALS	6
3	SEASONING FRAMEWORK	7
4	PROSPECTUS EXEMPTION FOR EXEMPT BOND ISSUERS	10
	ANNEX A – FORM AND CONTENT REQUIREMENTS OF THE PRODUCT HIGHLIGHTS SHEET	12
	ANNEX B – FORM AND CONTENT REQUIREMENTS OF THE SIMPLIFIED DISCLOSURE DOCUMENT	19
	ANNEX C – OUTLINE OF PROPOSED EXEMPTIONS	25

1 INTRODUCTION

1.1 Singapore's corporate debt market has seen continued year-on-year growth after experiencing a decline during the global economic downturn¹. Singapore dollar-denominated corporate debt issued from 2010 to 2013 stood at an aggregate of S\$107.3 billion. However, only S\$970 million was offered to retail investors² from 2010 to date. Corporate issuers have mainly targeted institutional and accredited investors in offerings of debentures³ such as corporate bonds. Few issuers tapped the retail market to satisfy their funding needs.

1.2 The small supply of bonds available for retail investment could be attributed to various factors. First, issuers have been able to meet their funding needs in the wholesale markets, and hence have not seen the need to tap the retail market. Second, issuers incur additional issuance costs in retail offers, including legal and related fees for the preparation of prospectuses. Third, issuers take on higher risk of market uncertainty in retail offers as the issuance process is generally longer compared to offers to institutional and accredited investors.

1.3 We have noted growing retail interest in bond offerings in recent years. To facilitate greater access by retail investors to bonds, MAS has identified areas in our regulatory regime that could be streamlined to make it easier for corporates to make bond offerings to retail investors, while maintaining sufficient safeguards. Currently, any offer of securities to retail investors must be accompanied by a prospectus registered by MAS⁴. MAS proposes to refine the current prospectus requirements for offers of plain vanilla bonds made by issuers who meet certain eligibility criteria, e.g. issuers with a listing track record and strong credit profile.

¹ "The Singapore Corporate Debt Market Review" for 2010-2013, published on the MAS website (www.mas.gov.sg). Outstanding volume of Singapore dollar-denominated debt registered year-on-year growth from 2010 to 2013.

² Based on offers made with a prospectus registered by or offer information statement lodged with MAS from 2010 to date.

³ Under the Securities and Futures Act ("SFA"), "debentures" includes bonds, notes, and any other debt securities (e.g. asset-backed securities, structured notes) issued by a corporation or any other entity.

⁴ Offers of securities in the course of secondary trading on the securities exchange are not subject to prospectus requirements. Other offers that are not subject to prospectus requirements include (i) offers made only to institutional and accredited investors, (ii) offers where the minimum subscription amount is at least S\$200,000 (or its equivalent in foreign currency), and (iii) offers made by issuers whose shares are listed on the SGX-ST (where offers can be made using an offer information statement ("OIS"), a shorter form disclosure document in lieu of a full prospectus).

1.4 In tandem with MAS' review, SGX has separately released a consultation paper on initiatives to improve retail access to bonds⁵. SGX's consultation paper proposes a framework (the "**Seasoning Framework**") under which retail investors can purchase bonds that were initially acquired by institutional and accredited investors (i.e. wholesale issuances) through secondary trading on SGX after a 6-month period (the "**Seasoning Period**"). The SGX consultation paper is available on the SGX website (www.sgx.com).

1.5 SGX also proposes to allow issuers to make subsequent offers of new bonds with the same terms as those that have undergone the Seasoning Period (each subsequent offering being a "re-tap" of the initial offer) to retail investors. To facilitate retail access to such bonds, MAS proposes to grant a prospectus exemption for such subsequent offers.

1.6 Separately, for issuers who are able to satisfy specified thresholds that are higher than the eligibility criteria for issuers under the Seasoning Framework, MAS proposes to exempt such issuers (the "**Exempt Bond Issuers**") from prospectus requirements for offers of plain vanilla bonds. This would provide an avenue for retail investors to acquire the bonds directly from the issuer at the onset of the offer.

1.7 These proposals are part of MAS' efforts to improve retail access to simple investment products. The possible improvements in retail access under the MAS and SGX proposals are illustrated in the table below.

⁵ The scope of bonds set out in section 2 of this consultation paper is the same as the scope of debt securities set out in SGX's consultation paper.

	Availability of Bond Offers to Retail Investors	
	Primary Issuance	Secondary Market
Current	No Unless issuer provides a prospectus or OIS (if issuer is listed on SGX) ⁶	No Unless the bonds listed on SGX-ST were previously offered using a prospectus of OIS
Proposed		
(1) Offers made under Seasoning Framework	Yes Issuer will be exempted from prospectus requirements for the re-tap after the Seasoning Period	Yes Issuer's wholesale bonds will be re-denominated into smaller lot sizes and traded on SGX-ST Bonds offered under the re-tap will be listed and traded on SGX-ST
(2) Offers made by Exempt Bond Issuers	Yes Issuer will be exempted from prospectus requirements for the offer of bonds	Yes Bonds offered will be listed and traded on SGX-ST

1.8 The details of the proposals are set out in this consultation paper.

⁶ In the last 5 years, less than 10 SGX-listed issuers made retail offers by issuing OIS.

2 SCOPE OF BONDS UNDER THE PROPOSALS

2.1 Amongst various types of debentures, plain vanilla bonds are less complex than asset-backed securities and structured notes⁷, which could for instance, contain features in which returns are linked to the performance of other equity securities, indices or commodities.

2.2 To facilitate access to products that are more easily understood by retail investors, MAS proposes that the scope of bonds under the proposals be confined to plain vanilla bonds. Plain vanilla bonds under the proposals refer to those which:

- (i) have a fixed term not exceeding 10 years;
- (ii) provide for repayment of the principal sum at the end of the fixed term;
- (iii) have periodic interest payments which cannot be deferred;
- (iv) carry a fixed interest rate or floating rate of interest comprised of a reference rate plus a fixed margin which cannot be decreased;
- (v) are not convertible into or exchangeable for other securities;
- (vi) are not asset-backed securities or structured notes; and
- (vii) are unsubordinated.

2.3 The scope excludes convertible bonds⁸, perpetual bonds, and other hybrid instruments. SGX's proposed scope of bonds offered under the Seasoning Framework is in line with this approach. SGX's consultation paper contains more details on other criteria in respect of the bonds that qualify under the Seasoning Framework.

Q1. MAS seeks views on the proposed scope of bonds under the proposals.

⁷ Asset-backed securities and structured notes are Specified Investment Products under MAS' Notice SFA 04-N12 on the Sale of Investment Products, which provides safeguards for retail investors who may not have the necessary knowledge or experience to understand investment products with complex terms and features.

⁸ Basel III capital instruments issued by banks would also not qualify under the proposals in this consultation paper.

3 SEASONING FRAMEWORK

3.1 SGX's consultation paper sets out details on the proposed Seasoning Framework which provides retail investors with access to wholesale bonds listed on SGX after a 6-month period. Under the Seasoning Framework, wholesale bonds initially offered without a prospectus to institutional investors and accredited investors in larger denominations of at least S\$200,000 will be re-sized into smaller denomination and can be traded by retail investors in the smaller lot size ("**Seasoned Bonds**") through secondary trading on SGX after a 6-month period (i.e. the Seasoning Period). SGX's consultation paper proposes eligibility criteria for entities that issue or guarantee bonds under the Seasoning Framework – issuers must satisfy a Size Test, Listing Test and Credit Test ("**Seasoning Eligibility Criteria**")⁹.

3.2 SGX also proposes that issuers have the option of making additional offers of new bonds to retail investors with the same terms as the Seasoned Bonds after the Seasoning Period ("**re-tap**"). Eligible issuers will be allowed to offer to retail investors up to 50% of the amount of the initial offer of bonds to institutional investors and accredited investors. The re-tap can take place any time during the tenure of the Seasoned Bonds and will be fungible with the Seasoned Bonds.

3.3 MAS proposes to grant a prospectus exemption for the re-tap to facilitate retail investors' access to such bonds. Issuers can invite subscriptions for the bonds via automated teller machines (ATMs) or brokerage firms.

⁹ To be eligible for the Seasoning Framework, issuers must satisfy criteria (a), (b) and (c) below:

(a) Size Test

- (i) Market capitalisation of at least S\$1 billion over the past 180 market days prior to the date of the application to list the bonds on SGX; or
- (ii) Net asset value of at least S\$500 million in the most recent published audited full-year financial statements as well as the annual average for its 3 most recent audited annual financial statements; and

(b) Listing Test

- (i) Has equity securities listed on SGX or a recognised securities exchange for at least 5 years; or
- (ii) Has listed, or guaranteed the issuance of, bonds listed on SGX for at least 5 years; and

(c) Credit Test

- (i) Has not recorded a net loss over the previous 5 years;
- (ii) Has a credit rating of BBB or higher, or the bonds to be offered is rated BBB or higher, where the rating is done by an international credit rating agency; or
- (iii) Has listed, or guaranteed the issuance of, bonds listed on SGX of at least S\$750 million (or its equivalent in foreign currency) over the previous 5 years.

An issuer which is relying on a guarantor to satisfy the Seasoning Eligibility Criteria must be a wholly-owned entity of the guarantor.

3.4 To safeguard retail investors' interests, the exemption will be subject to the following conditions:

- (a) The Seasoned Bonds and bonds offered to retail investors via a re-tap must be listed and traded on SGX;
- (b) The aggregate amount of bonds offered through re-taps cannot exceed 50% of the size of the initial offer of bonds to institutional and accredited investors;
- (c) To ensure that retail investors have relevant up-to-date information relating to the re-tap, the issuer will be required to provide investors with a product highlights sheet ("**PHS**") which sets out the key features and risks of the bonds offered in a clear and concise manner; and
- (d) The offer documents (for example, offering circulars) given to accredited and institutional investors when the bonds were first offered, as well as the PHS to be provided to retail investors at re-taps, must be lodged with SGX and made available to investors on SGX's website.

3.5 MAS proposes that the PHS (for the re-tap) be subject to a page limit of 8 pages including diagrams and glossary, and to contain key information on (a) investment suitability, (b) key features of the investment (including background information on the issuer and financial information), (c) key risks of the investment, and (d) contact information.

3.6 The proposed form and content requirements of the PHS are set out in Annex A.

Q2. MAS seeks views on:

- (a) the proposed prospectus exemption for issuers who offer bonds by way of a re-tap under the Seasoning Framework set out in paragraphs 3.2 and 3.3.**
- (b) the proposed conditions to the prospectus exemption set out in paragraph 3.4.**
- (c) the proposed form and content requirements of the PHS in respect of the re-tap under the Seasoning Framework set out in Annex A.**

4 PROSPECTUS EXEMPTION FOR EXEMPT BOND ISSUERS

4.1 While the Seasoning Framework provides an avenue for retail investors to invest in bonds initially offered without a prospectus to institutional and accredited investors, retail investors would only be able access the bonds through the secondary market or subsequent re-taps after the Seasoning Period.

4.2 To provide retail investors with more opportunities to directly subscribe to bonds issued by issuers with a stronger credit profile, MAS proposes to grant a prospectus exemption for Exempt Bond Issuers who meet a set of eligibility criteria. Such criteria will comprise the Seasoning Eligibility Criteria but with higher thresholds for the Credit Test. The bonds will be required to be listed and traded on SGX, to facilitate a secondary market for trading of the bonds. Issuers can invite subscription for the bonds via ATMs or brokerage firms.

4.3 MAS proposes that an issuer (or a guarantor in the case of a guaranteed issuance of bonds by its wholly-owned entity) should meet the following eligibility criteria in order to be an Exempt Bond Issuer:

- (a) Size Test under the Seasoning Framework;
- (b) Listing Test under the Seasoning Framework; and
- (c) Credit Test:
 - (i) Has a credit rating of AA- or higher, or the bonds to be offered are rated AA- or higher, where the rating is done by an international credit rating agency; or
 - (ii) Has issued, or guaranteed the issuance of, bonds listed on SGX of at least S\$1 billion (or its equivalent in foreign currency) over the previous 5 years.

4.4 To ensure that retail investors are sufficiently protected, MAS intends to impose the following conditions to the prospectus exemption:

- (a) The bonds offered pursuant to the exemption must be listed and traded on SGX;

- (b) The exempted offer must comprise tranches to both institutional/accredited investors and retail investors;
- (c) To enable investors to have sufficient information to assess the offer, the Exempt Bond Issuers will be required to provide to investors, a simplified disclosure document ("**SDD**"), in lieu of a prospectus. MAS expects the SDD to contain at minimum, information generally disclosed for an offer of bonds made to institutional and accredited investors. The SDD should be given to both institutional/accredited investors and retail investors. To ensure that baseline disclosure standards are met, MAS proposes certain broad-level content requirements for the SDD;
- (d) Exempt Bond Issuers will also be required to provide a PHS to retail investors. The content requirements will be the same as that required for a re-tap under the Seasoning Framework; and
- (e) Both the SDD and PHS must be lodged with SGX and made available to investors on SGX's website.

4.5 The proposed form and content requirements of the SDD are set out in Annex B.

4.6 An outline of the eligibility criteria and conditions for the proposed exemptions set out in sections 3 and 4 of this consultation paper is set out in Annex C.

Q3. MAS seeks views on:

- 1. the proposed prospectus exemption for issuers who satisfy the eligibility criteria set out in paragraph 4.3.**
- 2. the proposed conditions to the prospectus exemption set out in paragraph 4.4.**
- 3. The proposed form and content requirements of the SDD set out in Annex B.**

ANNEX A – FORM AND CONTENT REQUIREMENTS OF THE PRODUCT HIGHLIGHTS SHEET (PHS)

Prepared on: [DD/MM/YY]

NAME OF OFFER

EXAMPLE: OFFER OF [BONDS] IN [NAME OF ISSUER]

Prior to making a decision to invest in our Bonds, you should carefully consider all the information contained in the [Offering Circular/Simplified Disclosure Document (as applicable)]. This Product Highlights Sheet should be read in conjunction with the [Offering Circular/Simplified Disclosure Document (as applicable)]. Investors would be subject to various risks and uncertainties, including the potential loss of the entire principal amount invested. If you are in doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

This offer is made in reliance on an exemption granted by the Monetary Authority of Singapore (the “Authority”). It is not made in or accompanied by a prospectus that is registered by the Authority.

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of our Bonds contained in the [Offering Circular/Simplified Disclosure Document (as applicable)]. It complements the [Offering Circular/Simplified Disclosure Document (as applicable)]¹⁰.
- You should not invest in our Bonds if you do not understand the nature of an investment in bonds, our business or are not comfortable with the accompanying risks.

Issuer and Guarantor (if applicable)	[•]	Place of Incorporation	[•]
Issue Price	<p>[•]</p> <p>Example: S\$[•] per S\$[•] in principal amount of the Bonds.</p> <p>The Bonds will be issued in registered form in denominations of S\$[•] each.</p>	Total amount to be raised in this offer	<p>[•]</p> <p>Example:</p> <ul style="list-style-type: none"> • Gross proceeds – S\$[•] to S\$[•] • Net proceeds – S\$[•] to S\$[•]
Investment type	<p>[•]</p> <p>Example: [•]-year senior bonds with interest of [•]% per annum,</p>	Listing Status	<p>[•]</p> <p>Example:</p> <ul style="list-style-type: none"> • Issuer - Primary Listing on the Mainboard of SGX-ST

¹⁰ The simplified disclosure document/offering circular is available for collection at [time and place, if applicable] or accessible at [web address].

	made in two payments each year, maturing on [date] (the “Bonds”).		since [date] <ul style="list-style-type: none"> Bonds – To be listed on the Mainboard of SGX-ST from [date]. Trading will be in board lots of SGD [●] in principle amount.
Issue Manager(s) / Arranger(s)	[●]	Underwriter(s)	[●]
Trustee	[●]	Registrar	[●]
Mode of Application	Example: <ul style="list-style-type: none"> Automated teller machines Brokerage firms 		

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

- This investment is suitable for investors who:
 - [State return objectives (e.g. capital growth/income/capital preservation) which the investment will be suitable for]
 - [State if the principal will be at risk]
 - [State how long investors should be prepared to hold the investment for]
 - [State other key characteristics of the product which will help investors determine whether the investment is suitable for them]

Example:

- The Bonds are suitable for investors who:
 - want regular income at a fixed rate rather than capital growth;
 - want priority in payouts over share dividends in an insolvency situation;
 - are prepared to lose their principal investment if the issuer fails to repay the amount due under the Bonds; and
 - are prepared hold their investment for until maturity or to exit the Bonds only by sale in the secondary market which may be unprofitable or impossible.

KEY FEATURES

Background information on the Issuer

WHAT ARE YOU INVESTING IN?

[Provide an overview of the Issuer and its subsidiaries (the “Group”), including the nature of the Group’s operations and principal activities, main markets, and principal place of operations. In the case of a guaranteed Bond issue, provide also an overview of the guarantor entity and its subsidiaries (the “Guarantor Group”). State key features of the Bonds offered. Description of these features should be presented using diagrams (e.g. tables, graphs and charts) where appropriate.]

Refer to –

- “[relevant section]” on page(s) [●] of the [Offering Circular/ Simplified Disclosure Document] for more information on our business

<p>Example:</p> <p>We are engaged in the business of [<i>principal business</i>] in [<i>country</i>]. Our Company was incorporated in [<i>year</i>] by our founding shareholders in [<i>country</i>]. We operate principally in [<i>country</i>].</p> <p>We are offering up to S\$[•] million in aggregate principal amount of Bonds to the public in Singapore. The Bonds are issued pursuant to the [<i>name of bond issuance programme</i>]. The issue price is S\$[•] per S\$[•] in principal amount of the Bonds. Holders of the Bonds will receive interest from [<i>issue date</i>] to [<i>maturity date</i>] at a rate of [•]% per annum, made in two payments on [<i>date</i>] and [<i>date</i>] each year.</p> <p>The Bonds are not backed by any underlying assets and ranks above other debt. The Bonds will have the same rights as other debt obligations of the Company of the same class. We have previously issued S\$[•] of [•]% debt obligations of the same class as the Bonds on [<i>date</i>].</p>	<ul style="list-style-type: none"> • “[<i>relevant section</i>]” on page(s) [•] of the [<i>Offering Circular/ Simplified Disclosure Document</i>] for more information on the bonds. 																									
Key Financial Information																										
<p>[<i>Provide key profit and loss data and cash flows data in respect of each of the 2 most recent completed financial years and any interim period for which financial information has been published (e.g. announced to the market or included in a simplified disclosure document.)</i>]</p> <p><i>Provide also key balance sheet data as at the end of the most recent completed financial year or any subsequent interim period for which financial information has been published. Key financial information should be presented using diagrams (e.g. tables, graphs and charts) where appropriate.</i></p> <p><i>In the case of a guaranteed Bond issue, provide the above information in respect of the Guarantor Group only.]</i></p> <p>Example:</p> <p>Key profit and loss information</p> <table border="1" data-bbox="196 1377 999 1841"> <thead> <tr> <th rowspan="3"></th> <th colspan="2">Year ended 31 December</th> </tr> <tr> <th>[Year]</th> <th>[Year]</th> </tr> <tr> <th>S\$('000)</th> <th>S\$('000)</th> </tr> </thead> <tbody> <tr> <td>Net revenue</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>Profit/ (loss) before tax</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>Profit/ (loss) after tax</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>Profit/ (loss) after tax including discontinued operations</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>Earnings/ (loss) per share – Basic</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>Earnings/ (loss) per share - Diluted</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table>		Year ended 31 December		[Year]	[Year]	S\$('000)	S\$('000)	Net revenue	[•]	[•]	Profit/ (loss) before tax	[•]	[•]	Profit/ (loss) after tax	[•]	[•]	Profit/ (loss) after tax including discontinued operations	[•]	[•]	Earnings/ (loss) per share – Basic	[•]	[•]	Earnings/ (loss) per share - Diluted	[•]	[•]	<p>Refer to the “[<i>relevant section</i>]” on page(s) [•] of the [<i>Offering Circular/ Simplified Disclosure Document</i>] for more information on our financial performance.</p>
		Year ended 31 December																								
		[Year]	[Year]																							
	S\$('000)	S\$('000)																								
Net revenue	[•]	[•]																								
Profit/ (loss) before tax	[•]	[•]																								
Profit/ (loss) after tax	[•]	[•]																								
Profit/ (loss) after tax including discontinued operations	[•]	[•]																								
Earnings/ (loss) per share – Basic	[•]	[•]																								
Earnings/ (loss) per share - Diluted	[•]	[•]																								

Key cash flows information		
	Year ended 31 December	
	[Year]	[Year]
	S\$('000)	S\$('000)
Net cash generated from operating activities	[•]	[•]
Net cash used in investing activities	[•]	[•]
Net cash generated from financing activities	[•]	[•]
Net increase/(decrease) in cash and cash equivalents	[•]	[•]
Cash and cash equivalents at end of year/period	[•]	[•]
Key balance sheet information		
	Year ended 31 December	
	[Year]	[Year]
	S\$('000)	S\$('000)
Total assets	[•]	[•]
Total liabilities	[•]	[•]
Net assets/(liabilities)	[•]	[•]
Trends, Uncertainties, Demands, Commitments or Material Events		
<p><i>[Briefly discuss, for at least the current financial year, the Group's business and financial prospects, as well as any other known trends, uncertainties, demands, commitments or events that are most likely to have a material effect on the net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed not necessarily indicative of the future operating results or financial condition of the Group. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect. In the case of a guaranteed Bond issue, provide the information in respect of the Guarantor Group only.]</i></p> <p>Example:</p> <p>For the current financial year, our Directors have observed the following trends, uncertainties, demands, commitments or material events:–</p> <ul style="list-style-type: none"> (a) the demand for <i>[activity]</i> has increased with the recent growth <i>[country]</i>'s economy. We expect our revenue from our <i>[business segment]</i> to increase in line with the increase in <i>[activity]</i>; and (b) we expect the upward trend in <i>[activity]</i> to have positive impact on the demand for our <i>[service]</i>. <p>Operating costs are also expected to increase together with the increase in the level of <i>[activity]</i>.</p>		<p>Refer to the "[relevant section]" on page(s) [•] of the [Offering Circular/ Simplified Disclosure Document] for more information on trends and prospects.</p>

Use of Proceeds																	
<p><i>[Provide information on how the net proceeds raised from the offer will be allocated to each principal intended use. Information on the use of proceeds should be presented using diagrams (e.g. tables, graphs and charts) where appropriate.]</i></p> <p>Example:</p> <p>The following represents our best estimate of the allocation of the gross proceeds expected to be raised from the Offer.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Details of utilisation</th> <th style="text-align: center;">S\$ (million)</th> <th style="text-align: center;">Allocation for each S\$1.00 raised</th> </tr> </thead> <tbody> <tr> <td>Expansion of business</td> <td style="text-align: center;">[•]</td> <td style="text-align: center;">[•]</td> </tr> <tr> <td>Working capital and general corporate purposes</td> <td style="text-align: center;">[•]</td> <td style="text-align: center;">[•]</td> </tr> <tr> <td>Estimated listing expenses</td> <td style="text-align: center;">[•]</td> <td style="text-align: center;">[•]</td> </tr> <tr> <td>Total</td> <td style="text-align: center; border-top: 1px solid black;">[•]</td> <td style="text-align: center; border-top: 1px solid black;">1.00</td> </tr> </tbody> </table>		Details of utilisation	S\$ (million)	Allocation for each S\$1.00 raised	Expansion of business	[•]	[•]	Working capital and general corporate purposes	[•]	[•]	Estimated listing expenses	[•]	[•]	Total	[•]	1.00	<p>Refer to the “[relevant section]” on page(s) [•] of the [Offering Circular/ Simplified Disclosure Document] for more information on use of proceeds.</p>
Details of utilisation	S\$ (million)	Allocation for each S\$1.00 raised															
Expansion of business	[•]	[•]															
Working capital and general corporate purposes	[•]	[•]															
Estimated listing expenses	[•]	[•]															
Total	[•]	1.00															
KEY RISKS																	
<p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</p> <p><i>[Set out the key risks which may materially affect the Issuer’s business operations, financial performance or position, and the investor’s investment in the Bonds if they occur. If a particular risk falls into multiple categories below, it is sufficient to include the risk under one category. There is no need to repeat the risk. Where there is a risk that an investor may lose all of his initial principal investment, emphasise this with bold or italicised formatting. In the case of a guaranteed Bonds issue, provide the information in respect of the Issuer and the Guarantor.]</i></p>		<p>Refer to the “[relevant section]” on page(s) [•] of the [Offering Circular/ Simplified Disclosure Document] for more information on risks factors.</p>															
Business-Related Risks																	
<p><i>[State the material business-related risks which may affect the investor’s investment in the Bonds, e.g. risks relating to the industries within which the Issuer operates, any significant supplier or customer relationships, the Issuer’s properties, assets or equipment, distribution channels, material contracts, key personnel, intellectual property, corporate structure, financing, environmental concerns, competition, any litigation which may have material impact on the Issuer, and legal or regulatory issues faced by the Issuer etc. In the case of a guaranteed Bond issue, provide the information in respect of the Issuer and the Guarantor.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> We compete against numerous businesses in our industry that may be larger and have greater financial resources. Our ability to compete effectively depends on several factors, including our market presence, our reputation, our competitors, and general trends in the industry and economy. There is no assurance that we can compete successfully. 																	

<ul style="list-style-type: none"> • A substantial proportion of our revenue is derived from several major customers. Our financial results may be seriously impacted if we lose any of these customers or they reduce their volume of business with us. • As we are a holding company that conducts substantially all of our business through our operating subsidiaries in [country], we rely on dividends paid by our subsidiaries for our cash needs. Any restrictions on their ability to make payments to us would adversely affect our ability to fund and operate our business. 	
Legal, Regulatory and Enforcement Risks	
<p><i>[State the material legal, regulatory and enforcement risks which may affect the investor's investment in the Bonds.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • We are appealing to [name of authority] on a ruling against our company regarding a tax dispute between the [inland revenue authority of country] and our company from our operations in [country]. In the event that the appeal is not successful, we may be potentially liable to a fine of up to S\$[●] which could materially and adversely affect our business and results of operations. 	
Market and Credit Risks	
<p><i>[State the market risks (including currency risks) and credit risks which may affect the traded price of the Bonds.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • The Bonds are subject to interest rate risk as the Bonds bear a fixed rate of interest. Subsequent changes in market interest rates may adversely impact the value of the Bonds. Generally, bond prices are inversely related to interest rate movements. A rise in interest rates could see a fall in bond prices. • We may issue additional securities with identical terms that may adversely affect the market price of the original Bonds. 	
Liquidity Risks	
<p><i>[State the risks that an investor would face in trying to exit his investment in the Bonds.]</i></p> <p>Example:</p> <p>There is no prior market for the Bonds and an active trading market may not develop. In addition, bonds generally have lower liquidity as compared to equity securities. While an application has been made for admission to trading the Bonds on the SGX-ST, there can be no assurance that a liquid market will develop for the Bonds and that holders of the Bonds will be able to sell their Bonds at a price that reflects their value, if at all.</p>	

Other Pertinent Risks	
<p><i>[State any other pertinent risks that have not been highlighted in the foregoing sections.]</i></p> <p>Example:</p> <p>We may elect to redeem the Bonds before the maturity date under certain circumstances in the amount of 100% of the principal plus any accrued interest. You may not realise interest payments extending to the maturity date. Investors who do not hold the Bonds to maturity could suffer a capital loss as a result of market price fluctuations.</p>	
DEFINITIONS	
<p><i>[Provide definitions if necessary.]</i></p>	
CONTACT INFORMATION	
<p>HOW DO YOU CONTACT US?</p> <p><i>[Provide contact details of Issuer, distributor(s)/underwriter(s) and/or issue manager(s) whom investors can contact if they have enquiries. Include a website address and email address, if appropriate.]</i></p>	

ANNEX B – FORM AND CONTENT REQUIREMENTS OF THE SIMPLIFIED DISCLOSURE DOCUMENT (SDD)

PART I FRONT COVER

1. On the front cover of the simplified disclosure document, provide —
 - (a) the date of lodgment of the simplified disclosure document with the relevant securities exchange ;
 - (b) the following statement:

“This offer is made in reliance on an exemption granted by the Monetary Authority of Singapore (the “Authority”) pursuant to <title of Exemption Regulations>. It is not made in or accompanied by a prospectus that is registered by the Authority.”
 - (c) the name of the entity (referred to in this Schedule as the relevant entity) in respect of which the bonds are being offered, its place of incorporation or constitution and the date of incorporation or constitution. In the case of a guaranteed bond issue, provide also such information in respect of the guarantor entity.

PART II IDENTITY OF DIRECTORS, ADVISERS AND AGENTS

1. Provide the names and addresses of the directors of the relevant entity (and in the case of a guaranteed bond issue, the guarantor entity), the advisers and agents in relation to the offer.

PART III OFFER STATISTICS, PLAN OF DISTRIBUTION AND TIMETABLE

Offer Statistics

1. Provide the amount of bonds being offered and other relevant offer statistics. Where an offer is made under a bond issuance programme and such information is not known on the date of lodgment of the base simplified disclosure document, provide the information in the pricing supplement in respect of that particular offer.
2. Indicate the price at which the bonds are being offered and the amount of any expense specifically charged to the subscriber or purchaser. Where an offer is made under a bond issuance programme and such information is not known on the date of lodgment of the base simplified

disclosure document, provide the information in the pricing supplement in respect of that particular offer. If it is not possible to state the price at which the bonds are being offered and the amount of any expense specifically charged to the subscriber or purchaser at the date of lodgment of the simplified disclosure document or base simplified disclosure document, the method by which this information is to be determined must be explained in the simplified disclosure document or base simplified disclosure document.

Plan of Distribution

3. Indicate the amount, and outline briefly the plan of distribution, of the bonds that are to be offered otherwise than through underwriters. If the bonds are to be offered through any broker or dealer, identify each broker or dealer (if known) that will participate in the offer, state the amount to be offered through each entity, and describe the terms of any agreement or understanding with such entities.
4. Where an offer is made under a bond issuance programme and the information required under paragraph 3 of this Part is not known on the date of lodgment of the base simplified disclosure document, such information is to be provided in the pricing supplement in respect of that particular offer.

Method and Timetable

5. State the period during which the offer will be kept open, and describe the procedure by which subscription applications are to be made and the manner in which results of the allocation are to be made public. If the exact period is not known on the date of lodgment of the simplified disclosure document, describe the arrangements for announcing the definitive period.
6. Where an offer is made under a bond issuance programme and the information required under paragraph 5 of this Part is not known on the date of lodgment of the base simplified disclosure document, provide the information in the pricing supplement in respect of that particular offer.

PART IV KEY INFORMATION

Principal Terms and Conditions

1. Provide the principal terms and conditions of the bonds being offered, including the yield, interest rate, interest payment dates, final repayment date and particulars of any significant covenants or events of default. Where the bonds may be redeemed prior to maturity, provide details on the circumstances under which the early redemption may occur.

2. Where an offer is made under a bond issuance programme and the information required under paragraph 1 of this Part is not known on the date of lodgment of the base simplified disclosure document, provide the information in the pricing supplement in respect of that particular offer.
3. In the case of a guaranteed bond issue, describe the nature and scope of the guarantee.

Credit Rating

4. If the relevant entity, its guarantor entity or the bonds being offered have been given a credit rating by a credit rating agency, disclose —
 - (a) the name of the credit rating agency;
 - (b) the credit rating;
 - (c) whether any fee or benefit has been paid by the relevant entity, the guarantor entity or any of their related parties, to the credit rating agency in consideration for the credit rating; and
 - (d) the date on which the credit rating was given.
5. Where a credit rating is disclosed, provide —
 - (a) a statement on whether the credit rating is current as of the date of lodgment of the simplified disclosure document;
 - (b) a statement that the credit rating is not a recommendation to invest in the bonds, and investors should perform their own evaluation as to whether the investment is appropriate;
 - (c) a statement that the credit rating may be subject to revision or withdrawal at any time; and
 - (d) an explanation of the meaning, function and limitations of the credit rating, including the fact that it is a statement of opinion.

Use of Proceeds from Offer

6. Disclose the estimated amount of the proceeds from the offer and the intended use of the proceeds. Where an offer is made under a bond issuance programme and such information is not known on the date of lodgment of the base simplified disclosure document, this information is to be provided in the pricing supplement in respect of that particular offer.

Risk Factors

7. Disclose, in a specific section with the heading “Risk Factors”, the risk factors that are specific to the relevant entity and its industry as well as the bonds being offered, which had materially affected, or could materially affect, directly or indirectly, the relevant entity’s financial position and results and business operations, and investments by holders of bonds of the relevant entity. In the case of a guaranteed bond issue, provide also such information in respect of the guarantor entity.

Information on the Relevant Entity and Guarantor Entity (where applicable)

8. Provide the nature of the operations and principal activities of the relevant entity. Where the relevant entity is the holding entity of a group, provide such information in respect of the group. In the case of a guaranteed bond issue, provide such information required in respect of the relevant entity and the guarantor entity, or, if the relevant entity or guarantor entity is the holding entity of a group, the group. In this Schedule, group means an entity, its subsidiaries and its subsidiary entities (if any).
9. Identify the substantial shareholders of the relevant entity and the amount of equity interest held by each substantial shareholder. In the case of a guaranteed bond issue, identify the substantial shareholders of the relevant entity and the guarantor entity, and the amount of equity interest held by each substantial shareholder.

**PART V
OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

Where the relevant entity is the holding entity of a group, provide the information required under this Part in respect of the group.

In the case of a guaranteed bond issue, provide the information required under this Part in respect of the relevant entity and the guarantor entity, or, if the relevant entity or guarantor entity is the holding entity of a group, the group.

Financial Information

1. Provide the annual financial statements of the relevant entity for the 2 most recent completed financial years for which the statements have been published, and interim financial statements for any subsequent period for which that statement has been published.

Liquidity and Capital Resources

2. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of the most recent completed financial year for which financial statements have been published; and if interim financial statements have been published for any subsequent period, that period.

Capitalisation and Indebtedness

3. Provide a statement of capitalisation and indebtedness of the relevant entity as of a date no earlier than the end of the period covered by the most recent financial statements.

Trend Information and Profit Forecast or Profit Estimate

4. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the simplified disclosure document to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.
5. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.

Significant Changes

6. Disclose any event that has occurred from the end of —
 - (a) the most recent completed financial year for which financial statements have been published; or
 - (b) if interim financial statements have been published for any subsequent period, that period,

to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if there is no such event, provide an appropriate negative statement.

Meaning of “published”

7. In this Part, “published” includes publication in a simplified disclosure document, an annual report or on the SGXNET.

PART VI ADDITIONAL INFORMATION

Where the relevant entity is the holding entity of a group, provide the information required under this Part in respect of the group.

In the case of a guaranteed bond issue, provide such information required under this Part in respect of the relevant entity and the guarantor entity, or, if the relevant entity or guarantor entity is the holding entity of a group, the group.

Other Matters

1. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly —
 - (a) the relevant entity's business operations or financial position or results;
or
 - (b) investments by holders of bonds in the relevant entity.

ANNEX C – OUTLINE OF PROPOSED EXEMPTIONS

	Seasoning Framework	Prospectus Exemption for Exempt Bond Issuers
Eligibility Criteria	<p>The issuer (or guarantor) must satisfy criteria (a), (b) and (c) below:</p> <p>(a) Size Test</p> <p>(i) Market capitalisation of S\$1 billion; or</p> <p>(ii) Net assets of S\$500 million;</p> <p>(b) Listing Test</p> <p>(i) Has equity securities listed on SGX or a recognised securities exchange for at least 5 years; or</p> <p>(ii) Has listed, or guaranteed the issuance of, bonds on SGX for at least 5 years; and</p> <p>(c) Credit Test</p> <p>(i) Has not recorded a net loss over the previous 5 years;</p> <p>(ii) Has a credit rating of BBB or higher, or the bonds to be offered are rated BBB or higher; or</p> <p>(iii) Has listed, or guaranteed the issuance of, bonds listed on SGX of at least S\$750 million over the previous 5 years.</p>	<p>The issuer (or guarantor) must satisfy criteria (a), (b) and (c) below:</p> <p>(a) Size Test under the Seasoning Framework;</p> <p>(b) Listing Test under the Seasoning Framework; and</p> <p>(c) Credit Test</p> <p>(i) Has a credit rating of AA- or higher, or the bonds to be offered are rated AA- or higher; or</p> <p>(ii) Has listed, or guaranteed the issuance of, bonds listed on SGX of at least S\$1 billion over the previous 5 years.</p>
Conditions	<ul style="list-style-type: none"> • The Seasoned Bonds and bonds offered to retail investors must be listed and traded on SGX • The aggregate amount of bonds offered through subsequent re-taps cannot exceed 50% of the size of the initial offer of Seasoned Bonds • Product highlights sheet (PHS) must be provided to retail investors • The offer documents given to institutional and accredited investors and the PHS must be lodged with SGX and made available to investors on SGX's website 	<ul style="list-style-type: none"> • The bonds offered pursuant to the exemption must be listed and traded on SGX • The exempted offer must comprise tranches to both institutional/accredited investors and retail investors • PHS must be provided to retail investors • Simplified disclosure document (SDD) must be provided to both institutional/accredited investors and retail investors • The SDD and PHS must be lodged with SGX and made available to investors on SGX's website



Monetary Authority of Singapore