

ASEAN+3 BOND MARKET GUIDE 2016 SINGAPORE

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Foreword

The Asian Development Bank is working closely with the Association of Southeast Asian Nations (ASEAN) and the People's Republic of China, Japan, and the Republic of Korea—collectively known as ASEAN+3—to develop local currency bond markets and facilitate regional bond market integration under the Asian Bond Markets Initiative in order to strengthen the resilience of the region's financial systems.

Thanks to the efforts of member governments, local currency bond markets in the region have grown rapidly, with the total outstanding amount of bonds reaching more than USD8 trillion in 2015. However, financial markets are still relatively less integrated than the region's trade linkages and supply chain networks. If efforts toward harmonization and integration were to succeed, financial markets in ASEAN+3 would benefit from much larger economies of scale and increased efficiencies, while vast savings could be utilized for the region's enormous investment needs. Therefore, the strengthening of bond markets should be pursued in line with a common understanding of what needs to be harmonized and integrated from the early stages of market development.

The ASEAN+3 Bond Market Forum (ABMF) was established with the endorsement of the ASEAN+3 Finance Ministers in 2010 as a common platform to foster standardization of market practices and harmonization of regulations relating to cross-border bond transactions in the region. As an initial step, ABMF published the ASEAN+3 Bond Market Guide in 2012, which was welcomed as the first official information source offering a comprehensive explanation of the region's bond markets.

Since publication of the ASEAN+3 Bond Market Guide, bond markets in the region have continued to develop. ABMF recognizes the need for revisions to the guide to reflect these changes, though it is never an easy task to keep up with rapid changes in the markets. This report is an outcome of the strong support and kind contributions of ABMF members and experts, particularly from Singapore. The report should be recognized as a collective good to support bond market development among ASEAN+3 members. It is our hope that the revised ASEAN+3 Bond Market Guide will facilitate further development of the region's bond markets and contribute to increased intraregional bond transactions.



Ma. Carmela D. Locsin
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Acknowledgments

The Singapore Bond Market Guide was first published in 2012 as the initial output of Phase 1 of the ASEAN+3 Bond Market Forum (ABMF).¹ Across the region, domestic bond markets, including the Singapore bond market, have experienced tremendous development over the past 4 years. Now in Phase 3, ABMF would like to share, in the public domain, information on these developments by publishing an update to the Singapore Bond Market Guide.

The ABMF Sub-Forum 1 team—comprising Satoru Yamadera (Principal Financial Sector Specialist, Asian Development Bank, Sustainable Development and Climate Change Department) and Asian Development Bank consultants Shigehito Inukai and Matthias Schmidt—would like to stress the significance and magnitude of the contributions made by ABMF national members and observers for Singapore, including Singapore Exchange and its subsidiaries and the Monetary Authority of Singapore. These institutions generously gave for market visit meetings, discussions, and follow-up. They have also reviewed and provided inputs on the draft Singapore Bond Market Guide for the areas under the respective purview over the course of ABMF Phase 3.

The ABMF team also would like to express its thanks to the ABMF international experts based in Singapore, specifically Bank of New York Mellon, Citibank, Deutsche Bank, and State Street Global Advisors, for contributing significantly to the research and discussions on the Singapore bond market developments, and to the implementation of the ASEAN+3 Multi-Currency Bond Issuance Framework in the Singapore bond market.

The ABMF team would like to acknowledge a number of other Singapore bond market participants that are not ABMF members, who contributed their time and expertise in support of the market visits and specific topics of discussion.

No part of this report represents the official views or opinions of any institution that participated in this activity as an ABMF member, observer, or expert. The ABMF Sub-Forum 1 team bears sole responsibility for the contents of this report.

September 2016

ASEAN+3 Bond Market Forum

¹ ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.

Abbreviations

ABMF	ASEAN+3 Bond Market Forum (https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h_Toc/6464e9705ac986d8482577a4001763be/?OpenDocument)	MUIS	Majlis Ugama Islam Singapura (Islamic Religious Council of Singapore)
ACMF	ASEAN Capital Market Forum (www.theacmf.org)	OIS	offer information statement
ADB	Asian Development Bank (http://www.adb.org)	OPERA	Offers and Prospectuses Electronic Repository and Access
AMBIF	ASEAN+3 Multi-Currency Bond Issuance Framework	OTC	over-the-counter
ASEAN	Association of Southeast Asian Nations (www.asean.org)	PHS	Product Highlights Sheet
ASEAN+3	Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea	QDS	Qualifying Debt Securities
CDP	Central Depository (Pte.) Ltd.	REIT	real estate investment trust (in the context of issuing bonds)
CGIF	Credit Guarantee and Investment Facility	repo	repurchase agreement
CAD	Commercial Affairs Department	SBL	securities borrowing and lending
CMS	Capital Market Service	SF1	Sub-Forum 1 of ABMF
CRA	credit rating agency	SFA	Securities and Futures Act (Chapter 289 of the Laws of Singapore)
DTA	double taxation agreement	SGD	Singapore dollar (ISO code)
DVP	delivery-versus-payment	SGS	Singapore Government Securities
GLC	government-linked company	SGS eApps	tendering platform for SGS
GMRA	Global Master Repurchase Agreement (available at www.icmagroup.org/)	SGX	Singapore Exchange Ltd.
GST	Goods and Services Tax	SGX-BT	SGX Bond Trading (both name of legal entity and platform)
IFRS	International Financial Reporting Standards (www.ifrs.org)	SGX-ST	SGX Securities Trading (actual SGX entity conducting trading)
IFSB	Islamic Financial Services Board	SRO	self-regulatory organization
IRAS	Inland Revenue Authority of Singapore	USD	United States dollar
ISO	International Organization for Standardization		
MAS	Monetary Authority of Singapore		
MEPS+	MAS Enhanced Electronic Payment System		
MTN	medium-term note		

USD1 = SGD1.3656 as of 30 September 2016
(MAS published rate)

Overview

A. Introduction

The Singapore bond market has become one of the most developed open capital markets in Asia over the past decade and a half. As of December 2015, total local currency bonds outstanding stood at USD221 billion, with an additional USD53 billion of bonds outstanding in foreign currencies.¹

Sovereign bonds and statutory board bonds are vital features of the market, despite the government's strong fiscal position that does not require deficit financing. Singapore Government Securities (SGS), which comprise Treasury bills (T-Bills) and bonds, are issued primarily to stimulate market activity and provide a benchmark for corporate issues. SGS are also targeted to satisfy reserve requirements for Singapore-based financial institutions (both banks and nonbanks) and are sought after as collateral for repurchase (repo) transactions.

The run-up in domestic debt, while continuing to operate on a balanced budget policy, remains the deliberate strategy of the government to promote a liquid and efficient government bond market. The three main international rating agencies (Moody's, Standard & Poor's, and Fitch Ratings) continue to accord Singapore the highest credit rating of AAA.

To attract greater foreign interest, the Monetary Authority of Singapore (MAS) began internationalizing the Singapore dollar in 1998 with foreign entities being allowed to issue SGD-denominated bonds. Singapore's debt market has grown to become a source of financing for local and foreign corporations, international organizations, and governments. Islamic finance is growing as well. The international nature of Singapore's bond market is reflected in its multicurrency nature. While USD-denominated issuances continue to dominate the market, there have also been significant issuances in other foreign currencies including Australian dollars, pounds sterling, offshore Chinese renminbi, and euros.

The commencement of renminbi clearing arrangements in May 2013 has helped to catalyze Singapore's offshore renminbi bond market. There has since been strong demand among domestic and regional investors for these so-called Lion City Bonds.²

Singapore is encouraging the growth of Islamic finance to offer a wide array of financial services including Islamic banking, fund management, and capital-raising via *sukuk* (Islamic bonds). MAS joined the Islamic Financial Services Board (IFSB), an international body that sets standards for the Islamic financial services industry, as an observer member in December 2003 and became a full member in April 2005. For reference, details on the Islamic finance market are provided in Chapter VIII.

¹ See *AsianBondsOnline* at <https://asianbondsonline.adb.org/singapore/data.php>

² Adapted in parts from MAS. 2013. *Singapore Corporate Debt Market Review 2013*. Singapore.

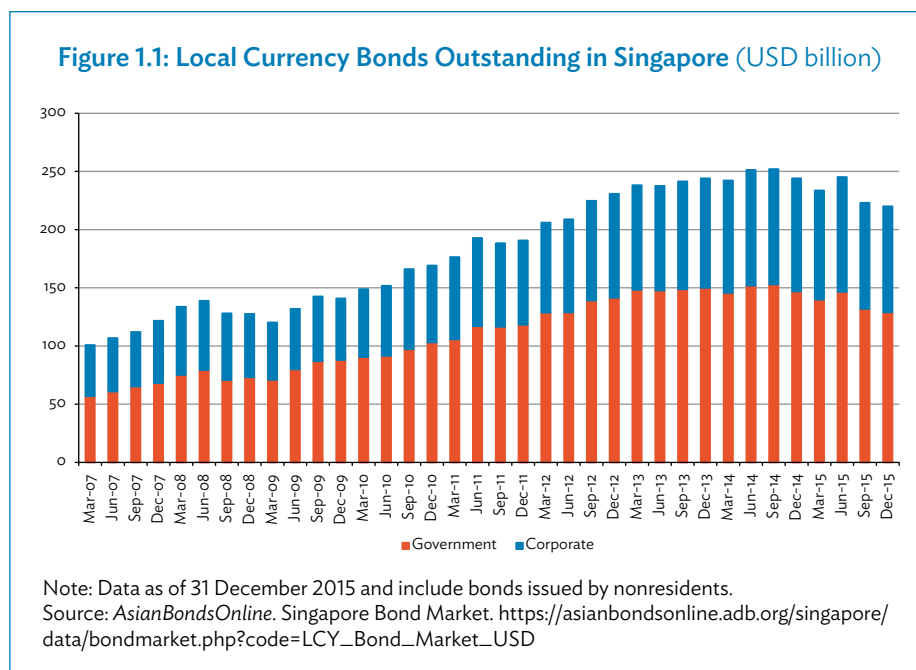
The Singapore dollar bond market comprises SGS, statutory board bonds, corporate bonds, and structured securities. Statutory board paper issued by autonomous government agencies is considered relatively liquid among debt instruments in the Singapore corporate bond market. As for issuances by corporates, property-related companies continue to be key issuers of SGD-denominated corporate debt securities, while structured products include equity-linked notes, convertible bonds, credit-linked notes, and asset securitization transactions.

SGS are issued by MAS to Primary Dealers and authorized market participants via competitive auction. Retail investors can buy into SGS at primary issuance via their brokers. All SGS, except T-Bills, are also tradable on the Singapore Exchange Ltd. (SGX), typically aimed at individual investors. SGX also features a significant number of bonds and notes—1,936 issues at the end of June 2016—listed for profiling in its Wholesale Bonds segment. The trading of bonds among Institutional Investors in the secondary market remains over-the-counter (OTC).

A total of 20 SGS bonds amounting to SGD81.6 billion were being traded on SGX as of 1 April 2016, all with original maturities of 2 years or more. SGX's Central Depository (Pte.) Ltd. (CDP) acts as the depository for retail investors holding SGS bonds traded on the exchange, as well as for corporate bonds. MAS itself acts as the depository for SGS other than those held by retail investors.

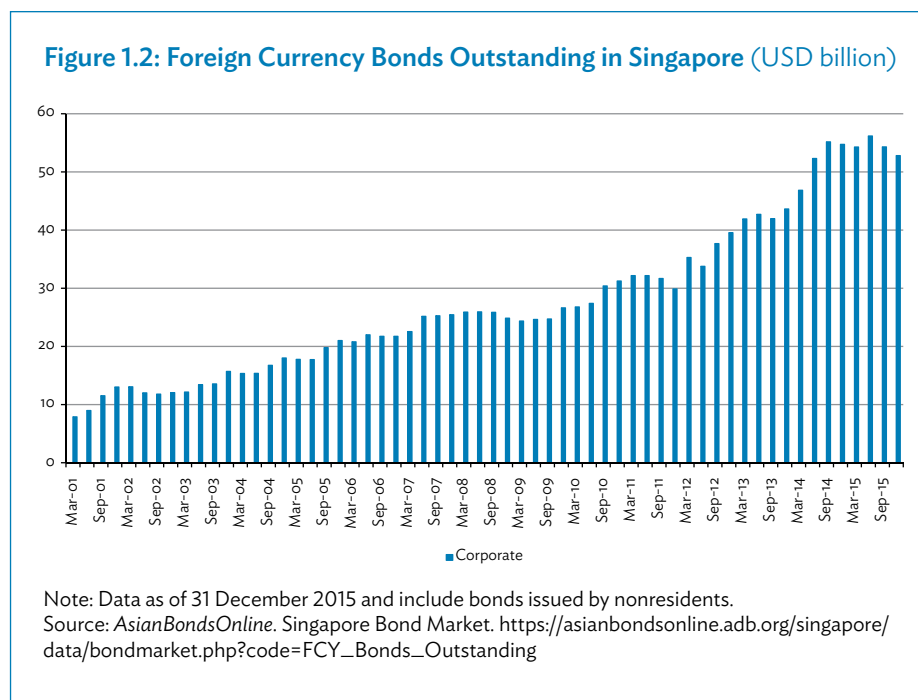
On 1 October 2015, the government started issuing Singapore Savings Bonds, which are a special type of SGS suitable for individuals. Details on Singapore Savings Bonds are provided in Chapter III.B.

As a general reference, Figure 1.1 provides an overall picture of the growth of the Singapore local currency bond market in recent years.



Foreign currency bond issuance is also expected to increase in the coming years and account for a growing portion of total debt issuance in Singapore. This is attributable to Singapore banks actively pursuing intraregional expansion to take advantage of their corporate customers' growth and increasing interest in the region.

As a general reference, Figure 1.2 gives an overall picture of the growth of the Singapore foreign currency bond market.



The regulatory environment in Singapore is conducive to the implementation of the proposed ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) that has been developed by the ASEAN+3 Bond Market Forum (ABMF) under the guidance of the Asian Development Bank (ADB).³ The key features of the Singapore market are further enhanced by the acceptance of governing law other than Singapore law for professional issuances and documentation and disclosure standards that are in line with international market practices. Further details on AMBIF can be found in Chapters IX and X.

B. Evolution of the Singapore Bond Market

Like most Asian countries, Singapore did not have a well-functioning bond market before 1997.⁴ The government operated a prudent fiscal policy and consistently ran budget

³ ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea.

⁴ Parts of the text and selected statements (with edits for context and relevance) in this chapter adapted by ADB Consultants for SF1 from Monetary Authority of Singapore. 2011. *Singapore Bond Market Guide*. Singapore.

surpluses. Thus, there was no need for debt financing. At the time, SGS were mainly issued to meet financial institutions' statutory requirements, usually held to maturity, and rarely traded.

The 1997/98 Asian financial crisis highlighted the need to develop a domestic bond market. In 1998, MAS spearheaded efforts to develop the SGS market by embarking on a three-pronged plan to

- (i) build a liquid SGS market to provide a robust government yield curve for the pricing of private debt securities;
- (ii) foster the growth of an active secondary market, both for cash transactions and derivatives, to enable efficient risk management; and
- (iii) encourage issuers and investors, both domestic and international, to participate in the Singapore bond market.

To facilitate active trading, a minimum critical amount of securities is required. The government raised SGS issuance sharply. Between December 1997 and December 2015, the outstanding amount of SGS grew about five times from SGD21.9 billion to SGD105.7 billion. Longer-tenored SGS were also introduced during this period, starting with a 15-year issuance in 2001 followed by a 20-year issuance in March 2007. The government bond yield curve was extended again in April 2012 with the issuance of a 30-year bond.

In January 2005, Singapore was the first Asian country outside of Japan to join the widely followed Citigroup World Government Bond Index. SGS are also included in other leading indices such as the J.P. Morgan World Government Bond Index and the HSBC Asian Local Bond Index.

With effect from 8 July 2011, individual investors have been able to trade SGS bonds in the secondary market on SGX. With the new offering on SGX, investors are able to access SGS bond prices on SGX's website or through their brokers, and trade SGS bonds through their brokers in a manner similar to the way stocks are traded. Trading of SGS and corporate bonds remains OTC for Institutional Investors.

A detailed review of the regulatory framework now in place in the Singapore bond market, and the roles and objective of its regulatory authorities and market institutions, is available in Chapter II. More information on market infrastructure systems and their functions can be found in Chapter IV.

Specific information on the market's development and the present state of the bond market in Singapore can also be found on the MAS website,⁵ in particular on its website dedicated to SGS.⁶

C. Regional Cooperation

MAS has worked closely with regional jurisdictions on promoting regional markets access. These initiatives include the ASEAN Disclosure Standards Scheme and the memorandum of understanding signed to establish the Streamlined Review Framework for the ASEAN

⁵ See <http://www.mas.gov.sg>

⁶ See <http://www.sgs.gov.sg>

Common Prospectus. These initiatives are aimed at facilitating greater investor participation across markets in order to broaden and deepen regional market liquidity.

For more information on recent initiatives and developments with relevance for the Singapore bond market, kindly also refer to Chapters IX and X.



Legal and Regulatory Framework

A. Legal Tradition

Singapore has inherited the English common law tradition, with features relating to certainty and internationalization inherent in the British system that are particularly applicable in the commercial arena.

The Application of the English Law Act, 1993 states that the common law of England (including the principles and rules of equity), so far as it was part of the law of Singapore before 12 November 1993, shall continue to be part of the law of Singapore. Section 3 of the act provides that the common law, however, shall continue to be in force in Singapore as long as it is applicable to the circumstances of Singapore and subject to such modifications as those circumstances may require.⁷

At the same time, Singapore law has made significant departures from the original English law in recent years, specifically in the area of commercial law, in favor of local legislation.

A comprehensive list and the contents of the laws of Singapore are available from the Singapore Statutes Online website, a service provided by the Singapore Attorney-General's Chambers.⁸

B. English Translation

The government, its policy bodies, and regulatory authorities all officially publish laws, regulations, circulars, and notices in English. As such, an English translation is not applicable.

C. Legislative Structure

Singapore features a multitiered legislative structure to govern the financial and capital markets, guided by the Constitution of Singapore.

[1st tier] Constitution of Singapore

[2nd tier] Acts and supplements (key legislation for the securities market)

[3rd tier] Subsidiary legislation (e.g., rules and regulations)

[4th tier] Guidelines, practice notes, and circulars (by MAS and SGX)

⁷ Text adapted by ADB Consultants for SF1 (with edits for relevance) from an overview of the Singapore legal system by the Singapore Academy of Law on the Singapore Law website, which is available at <http://www.singaporelaw.sg/sglaw/laws-of-singapore/overview/chapter-1>

⁸ See <http://statutes.agc.gov.sg/aol/home.w3p;resUrl=http%3A%2F%2Fstatutes.agc.gov.sg%2FaoI%2Fbrowse%2FtitleResults.w3p%3Bletter%3DB%3Btype%3DactsAll>

Table 2.1 illustrates the legislative structure mentioned above by giving significant examples of relevant securities market legislation for each of the individual tiers.

Table 2.1: Examples of Securities Market Legislation in Each Legislative Tier

Legislative Tier	Content or Significant Examples
Constitution of Singapore	Principles, Rights, and Obligations
Acts and supplements (key legislation, as amended)	<ul style="list-style-type: none"> • Monetary Authority of Singapore Act (Cap. 186) • Banking Act (Cap. 19) • Securities and Futures Act (Cap. 289) • Government Securities Act (Cap. 121A) • Companies Act (Cap. 50)
Subsidiary legislation (rules and regulations)	Securities and Futures Regulations, e.g., <ul style="list-style-type: none"> • Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 (G.N. No. S 611/2005) • Securities and Futures (Licensing and Conduct of Business) Regulations (2014)
Guidelines, notices, and circulars	<ul style="list-style-type: none"> • MAS Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions)

MAS = Monetary Authority of Singapore.

Source: Compiled by ADB Consultants for SF1 and based on publicly available information.

Key legislation is the summary term for those laws specifically aimed at a particular market, such as the securities market or capital market. These laws establish and govern securities markets or market segments, including the bond market, its institutions, and participants. These laws are enacted by Parliament and take effect upon signing by the President and publication in the Government Gazette or on the Gazette's website.⁹ The Securities and Futures Act (SFA) and the MAS Act represent the cornerstones of the key legislation for the Singapore bond and securities markets.

Rules and regulations are issued by the regulatory authority charged with the overall supervision and governance of the securities and capital markets, which is MAS as an integrated regulator. Regulations interpret aspects from key legislation and elaborate on the roles and responsibilities of market institutions and their participants.

Guidelines, notices, and circulars are issued by both the integrated regulatory authority of the financial and securities market, MAS, and the market institution, SGX, for the activities and market participants under their respective purview. These directives and other statements contain descriptions on how regulations should be applied and specific market activities carried out. Details and examples are given in sections D.1 and D.2, respectively.

D. Singapore Bond Market Regulatory Structure

The Singapore bond market and the financial and capital markets at large are legislated, regulated, and supervised by MAS, which operates as an integrated regulatory authority.

⁹ See <http://www.egazette.com.sg>

In addition, debt securities listed on SGX, whether for trading or profiling purposes, are subject to the rules and regulations on listing, trading, clearing, and settlement issued by SGX. As a self-regulatory organization (SRO), SGX also governs and supervises the admission and market activities of its members and participants.

Both MAS and SGX actively support the development of Singapore as a financial center, including with initiatives and activities for the bond market and its participants.

In the case of public offers of corporate bonds and notes, a prospectus has to be lodged with and registered by MAS unless an exemption applies. Where such corporate bonds and notes are to be listed, listing approvals need to be obtained from SGX, regardless of whether the listing is for trading or profiling purposes.

The individual regulatory processes, relevant approvals, application criteria, and related process and regulations are further detailed in other sections of this chapter.

1. Monetary Authority of Singapore

MAS is the central bank of Singapore and also acts as the single, integrated regulatory authority for the financial and capital markets in Singapore.

In 1970, the Singapore Parliament passed the MAS Act leading to the formation of MAS on 1 January 1971. The passing of the act gave MAS the authority to regulate the financial services sector in Singapore. In addition, it sets out MAS' regulatory functions for the securities market.

MAS has been given powers to act as a banker to and financial agent of the government. It has also been entrusted to promote monetary stability and credit and exchange policies conducive to the growth of the economy.

In April 1977, the government decided to bring the regulation of the insurance industry under the wing of MAS. The regulatory functions under the Securities Industry Act were also transferred to MAS in September 1984.

MAS now administers the various statutes pertaining to money, banking, insurance, securities, and the financial sector in general.

(a) Monetary Authority of Singapore Functions

As stipulated in the MAS Act, the functions of MAS are primarily to

- act as the central bank of Singapore—including the conduct of monetary policy, the issuance of currency, and the oversight of payment systems—and serve as a banker to and the financial agent of the government;
- conduct integrated supervision of financial services and financial stability surveillance;
- manage the official foreign reserves of Singapore; and
- develop Singapore as an international financial center.¹⁰

¹⁰ See also <http://www.mas.gov.sg/About-MAS/Overview.aspx>

The MAS Code of Conduct is available on its website.¹¹

(b) *Regulatory Instruments Issued by MAS*

MAS, in carrying out its functions as a regulator of the financial services industry, issues various instruments under acts administered by MAS, which are outlined below.¹²

(1) *Acts*

The acts contain statutory laws under the purview of MAS, which are passed by the Singapore Parliament. These have the force of law and are published in the Government Gazette. Examples include the Banking Act and Financial Advisers Act.

(2) *Subsidiary Legislation*

Subsidiary legislation is issued under the authority of the relevant acts and typically fleshes out the provisions of an act and spells out in greater detail the requirements that financial institutions or other specified persons (e.g., a financial adviser's representative) must adhere to. Subsidiary legislation has the force of law and may specify that a contravention is a criminal offense. They are also published in the Government Gazette. Examples in the context of the Singapore bond market are the Securities and Futures Regulations.

(3) *Directions*

Directions detail specific instructions to financial institutions or other specified persons to ensure compliance. They have legal effect, meaning that MAS could specify whether a contravention of a direction is a criminal offense. Directions consist of

- (i) directives, which primarily impose legally binding requirements on an individual financial institution or a specified person; and
- (ii) notices, which primarily impose legally binding requirements on a specified class of financial institutions or persons (e.g., MAS Notice 757 on Lending of Singapore Dollar to Non-Resident Financial Institutions).

(4) *Guidelines*

Guidelines set out principles or best practice standards that govern the conduct of specified institutions or persons. While contravention of guidelines is not a criminal offense and does not attract civil penalties, specified institutions or persons are encouraged to observe the spirit of these guidelines. The degree of observance with guidelines by an institution

¹¹ See <http://www.mas.gov.sg/~media/MAS/About%20MAS/MAS%20Code%20of%20Conduct.pdf>

¹² Adapted with minor edits from the MAS Regulatory and Supervisory Framework, which is available at <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulatory-and-Supervisory-Framework.aspx>

or person may have an impact on MAS' overall risk assessment of that institution or person.

(5) Codes

Codes set out a system of rules governing the conduct of certain specified activities. Codes are nonstatutory and do not have the force of law. However, a breach of a code may attract certain nonstatutory sanctions like private reprimand or public censure. Examples include the Code on Take-overs and Mergers (which is administered by the Securities Industry Council), the Code on Collective Investment Schemes, and the Code of Conduct for Credit Rating Agencies. A failure to abide by a code does not in itself amount to a criminal offense but may have certain consequences.

(6) Practice Notes

Practice notes are meant to guide specified institutions or persons on administrative procedures relating to, among others, licensing, reporting, and compliance matters. Contravention of a practice note is not a criminal offense unless a procedure stated in the practice note is also required by an act or regulation. An example is the Practice Note on Lodgement of Documents relating to Offers of Shares and Debentures.

(7) Circulars

Circulars are documents which are sent to specified persons for their information or are published on the MAS website for public information. Circulars have no legal effect.

(8) Policy Statements

Policy statements outline broadly the major policies of MAS.

A complete list of MAS regulations and regulatory instruments with a bearing on debt securities or the securities market at large—sorted by type, subject, or date of issuance—is available on the MAS website.¹³

(c) *Monetary Authority of Singapore as Issuer of Singapore Government Securities*

MAS is empowered by the Development Loan Act, the Local Treasury Bills Act, and the Government Securities Act to undertake the issue and management of SGS on behalf of the government in its capacity as its fiscal agent.

The amount of SGS issued is authorized by a resolution of Parliament and with the President's concurrence. Each year, MAS seeks approval from the Minister of Finance for the total SGS issuance amount for the new financial year. MAS decides, in consultation with the SGS Primary Dealers, the timing and amount of individual bond issues.

¹³ See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Funds-Management.aspx>

(d) Monetary Authority of Singapore as Financial Market Participant

As part of MAS' monetary policy operations, MAS monitors reserve and liquidity conditions and conducts appropriate money market operations to ensure sufficient liquidity for the smooth operation of the banking system, and to provide stable market conditions for financial institutions and economic agents to operate in.

MAS conducts repo transactions with Primary Dealers and other market participants under the MAS Intraday Liquidity Facility and Standing Facility. MAS has also been issuing short-term MAS bills as part of its money market operations since 2010.

(e) Role of the Monetary Authority of Singapore in Development of Singapore as a Financial Center

As an international financial center, Singapore offers financial institutions a pro-business environment that is cost-competitive with an effective regulatory environment, excellent infrastructure, and a highly skilled and cosmopolitan pool of finance professionals. Singapore is now home to over 200 banks, a growing number of which have chosen to base their operational headquarters in the country to service their regional group activities. Another key aspect of Singapore's financial center is also its deep and liquid capital markets.

MAS works closely with the industry and financial institutions on key strategic initiatives and expansion plans in Singapore. This may include partnering financial institutions with substantive business plans to establish or expand their operations in Singapore. Financial institutions may approach MAS about opportunities to tap tax incentives or grant schemes under the Financial Sector Development Fund, such as the training grant schemes and scholarships to deepen staff competencies and build specialist talent within their organizations.

2. Singapore Exchange Ltd.

SGX is an exchange holding company approved as an exchange and a market operator under Part II (Markets) of the SFA.

SGX serves as a frontline regulator for the securities (and derivatives) markets and clearinghouses that operate in Singapore. SGX works closely with relevant regulatory authorities, including MAS and the Commercial Affairs Department (CAD), to develop and enforce rules and regulations with a view of building an enduring marketplace.

In addition to the setting of listing and trading rules, SGX supervises trading and clearing activities in its securities and derivatives markets. SGX conducts real-time surveillance to detect irregular trading activities and take action when investigations of potential wrongdoing prove true.

With particular reference to the bond market, SGX owns and operates SGX Securities Trading, also referred to as the securities market, which includes the Wholesale Bonds segment (for profile listing) and listing and trading for retail bonds, as well as the new SGX Bond Pro platform, and the CDP. Interest rate derivatives, which are also considered part of the bond market, fall under the SGX derivatives markets.

Some of the listing and trading rules of SGX are discussed in the appropriate chapters and sections of this bond market guide. The regulatory framework put in place and the approach

to rules and regulations by SGX are best demonstrated in its published SGX Guiding Principles, outlined below.

(a) *Singapore Exchange Ltd. Guiding Principles*

In conducting its regulation of the market, SGX has adopted six guiding principles.¹⁴ The first three principles relate to how SGX targets what it regulates while the next three principles relate to how SGX devises its rules and conduct its regulatory activities.

Guiding Principle One: Disclosure-Based Regulation

SGX believes that market users should have a wide range of choices and that the decision whether a particular security or product is suitable for an investor is largely a matter for the market users and their advisers. For this principle to work, it is necessary for the market to be provided with timely, accurate, and adequate disclosure of all matters needed to make informed decisions about the listed products. Hence, SGX focuses on facilitating fair access to information for all market users as the fundamental building block for achieving a fair, orderly, and transparent market. The disclosure of information alone will not be sufficient. It is, therefore, supplemented by high baseline standards to determine whether a particular type of listing or product is suitable for the various segments of the SGX market.

Guiding Principle Two: Comprehensive Risk Management

Market users also need absolute certainty that their trades can be finalized. This is a fundamental basis for their trading. Any breakdown in the post-trade activities of clearing and settlement will result in a loss of confidence and can effectively bring the market to a halt. Consequently, SGX focuses regulatory attention on the safe and efficient operation of its clearinghouses as a very high priority. It requires a comprehensive, integrated, and reliable approach to the management of the counterparty risks from clearing and trading members as well as other risks within the clearinghouses.

Guiding Principle Three: Risk-Based Targeting of Regulatory Activities

In order to make an optimal allocation of regulatory resources, SGX adopts a pragmatic risk-based approach. Supervisory activities focused on principles one and two are tailored according to risk profiles SGX develops for issuer sponsors and its member firms. The profiles are based on SGX's assessment of their management systems and the risks inherent in their business models and products bearing in mind the responsibilities of their own management to provide proper and thorough risk oversight of their business activities. SGX then allocates resources to those matters that it considers as posing the greatest risk to achieving a fair, orderly, and transparent market, as well as safe and efficient clearing outcomes.

¹⁴ This information has been adapted with minor edits by ADB Consultants for SF1 from SGX. How We Regulate. <http://www.sgx.com/wps/portal/sgxweb/home/regulation/howwereg>

Guiding Principle Four: Balanced Approach to International Best Practice

SGX has strong international dimensions as reflected in its traded products, listed companies, market intermediaries, and market users. In keeping with this, SGX aims to ensure that its rules and regulatory activities are consistent with international best practice for exchanges such as issuers being able to use International Financial Reporting Standards. At the same time, in pursuing regulatory outcomes, SGX seeks to strike an appropriate balance between internationally recognized practices and local needs and conditions. SGX does not adopt an unthinking mechanical approach and focuses on the substance rather than the form in the rules.

Guiding Principle Five: Transparency

SGX seeks to be open and transparent in all its regulatory operations to the extent consistent with its statutory obligations and the public interest. In addition to statutorily mandated public consultations on rule amendments, SGX consults market users, where appropriate, on the proposed introduction of new products and initiatives. The SGX website publishes feedback received from market users on the public consultations, has a public register of Listing Rule waivers, and publishes “Grounds for Decision” by Disciplinary Committees.

Guiding Principle Six: Singapore Exchange Ltd. as a Frontline Regulator and Managing Regulatory Conflict

MAS is the statutory regulator and has oversight of SGX’s regulatory responsibilities. SGX performs a frontline regulatory role in maintaining fair, orderly, and transparent markets, as well as safe and efficient clearing facilities. SGX maintains a continuous dialogue with market users. This market proximity improves SGX’s understanding of the businesses of market users and the compliance issues they face, enabling it to assess their compliance and to appropriately calibrate regulatory solutions and enforcement actions. SGX also maintains a close collaborative relationship with other regulatory and enforcement agencies—including MAS, the CAD, and the Accounting and Corporate Regulatory Authority—on matters such as regulatory policies, risk management, regulatory oversight, and enforcement actions. SGX is conscious that its dual role as both a frontline regulator and a commercial entity can create conflicts between its regulatory responsibilities and its commercial objectives (regulatory conflicts). The SFA places a legal obligation on the board and management of SGX to maintain effective governance arrangements for managing such conflicts. The arrangements include a Regulatory Conflicts Committee of the SGX Board, which ensures the adequacy and quality of resources for SGX’s regulatory functions, the robustness of the decision-making structure, and the supervision of processes for identifying and managing regulatory conflicts. For instance, all waivers of rule requirements granted by SGX as well as enforcement actions leading to Disciplinary Committee proceedings undertaken by it are disclosed to the public and/or to its members. This transparency assures due process in the making of SGX’s regulatory decisions. MAS exercises overall supervision of SGX and its management of regulatory conflicts.

SGX believes that this conflict governance model is the most appropriate for its markets at this time. However, SGX is committed to vigilance in reviewing the operation of the model and in adapting it appropriately in the light of experience and market developments.

(b) Rules and Regulations

Rules and regulations issued by SGX and used for the governance of its markets, participants, and members are contained in seven SGX Rulebooks, which are further explained in section H in this chapter.¹⁵

In addition, SGX also issues Directives, Practice Notes, and Circulars to its participants and members on the interpretation of the rules and to set and maintain listing, trading, clearing and settlement conventions and practices.

E. Key Legislation and Regulations for Debt Securities

This section gives a brief overview of the applicable key legislation and regulations with relevance for the Singapore bond market, and the issuance, listing, and trading of bonds and notes.

Processes particularly relevant in the Singapore market for the application and approval for the issuance or listing of, and reporting on debt securities are explained in greater detail in section F.

1. Securities and Futures Act

General provisions for the issuance, listing, trading, clearing, and settlement of bonds and notes (official term: debt securities) in the Singapore market are contained in the SFA, as amended, which was passed by Parliament on 5 October 2001 and came into force incrementally during the course of 2002.

The SFA is administered by MAS and also defines professional investors and other bond market participants, their eligibility, and licensing criteria. Regulated activities under the SFA include

- (i) dealing in securities,
- (ii) trading in futures contracts,
- (iii) leveraged foreign exchange trading,
- (iv) advising on corporate finance,
- (v) fund management,
- (vi) securities financing,
- (vii) providing custodial services for securities,
- (viii) real estate investment trust (REIT) management, and
- (ix) providing credit rating services.

¹⁵ This information has been adapted with minor edits by ADB Consultants for SF1 from SGX. How We Regulate. <http://www.sgx.com/wps/portal/sgxweb/home/regulation/howwereg>

2. Specific Monetary Authority of Singapore Regulations

In tandem with the entry into force of the SFA, MAS also issued new regulations to supplement the SFA, such as the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations (Shares and Debentures Regulations), which are updated from time to time.

MAS groups its information on applicable legislation, rules, and regulations for the securities market under the Header “Securities, Futures and Fund Management” on its Regulations, Guidance and Licensing web page.¹⁶ In addition, the web page also contains details on the relevant subsidiary legislation, rules, and regulations for Payment and Settlement Systems with a bearing on the bond and securities market under a header of the same name.¹⁷ Both sections may be searched by type of regulation or date of issue.

MAS also regulates and supervises a number of activities in the money market, including provisions and the practices for repurchase agreements (repo), short-selling, and securities lending and borrowing. In addition, the issuance and settlement infrastructure for SGS is owned and operated by MAS, and it may issue separate rules and regulations to those market institutions that are eligible to participate.

3. Companies Act

Specific provisions also exist in the Companies Act on the issuance of debt and other securities by companies incorporated in Singapore, including the need to issue at least one physical certificate for issued instruments in this immobilized market. The act is administered by the Accounting and Corporate Regulatory Authority, the national regulator of business entities and public accountants in Singapore.

4. Government Securities Act

The Government Securities Act (as amended from time to time) regulates the issuance, offering, and distribution of SGS.

MAS may supplement these laws with its own Guidelines, Notices, or Practice Notes on the practical aspects of SGS issuance and related market activities.

5. Singapore Exchange Ltd. Listing and Trading Rules

SGX Listing Rules for debt securities are found in Chapter 3 of the Mainboard Rules in the SGX-Securities Trading (SGX-ST) Listing Manual. Debt securities listed in the retail bond market (i.e., not limited to Institutional and Accredited Investors) are traded on the SGX-ST market and are subject to the SGX-ST Trading Rules.

6. Debt Capital Market Practice Guidelines

Beside MAS’ legislative provisions and regulatory prescriptions as well as SGX’s Listing Rules, the Association of Banks in Singapore has proposed a set of Debt Capital Market Practice Guidelines containing recommendations for participants in the origination of debt capital

¹⁶ See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Funds-Management.aspx>

¹⁷ See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Payment-and-Settlement-Systems.aspx>

market products.¹⁸ While the guidelines are not legally binding, parties involved in a debt securities issuance in Singapore are encouraged to adopt the market practices set out in them.

F. Debt Securities Issuance Regulatory Processes

Public offers of debt securities in Singapore require the lodgement of a prospectus and the registration of the prospectus by MAS.¹⁹ In contrast, no regulatory filings with MAS are required for bonds or notes offered or issued to Accredited or Institutional Investors.

Both public offers and private placements may be listed on SGX, which would require the compliance with necessary approvals, documentation, and disclosure requirements set out in the SGX Listing Rules. As such, the listing on SGX is included in the overview of regulatory processes here. However, since a listing of debt securities is decided at the discretion of the issuer, or parties involved in the issuance, the actual listing process, including criteria and approvals, is described in greater detail under the Singapore market characteristics in Chapter III.I.

In Singapore, there are no distinctions of regulatory processes by specific corporate issuer types, or by issuance currency, as shown in Table 2.2.

1. Regulatory Processes by Issuer Type

Table 2.2 provides an overview of these regulatory processes by corporate issuer type and identifies which regulatory authority or market institution will be involved. In order to make the issuance processes by issuer type more comparable across the ASEAN+3 markets, the table features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish their processes according to such issuer types. Sovereign issuers are typically exempt from corporate issuance approvals but, at the same time, may be subject to different regulatory processes.

2. Regulatory Process Overview

There is no distinction between the issuance process for Singapore dollar or foreign currencies. Only public offers require of the issuer to lodge and register a prospectus with MAS, as further detailed in section 4. A listing on SGX is optional and related processes are described in Chapter III.I.

The issuer may appoint an arranger or arrangers for a proposed bond or note issuance, and a lead arranger in case of multiple arrangers. An arranger needs to hold a Capital Market Service (CMS) licence issued by MAS. The (lead) arranger would, typically, support the issuer in the compilation of the required issuance documentation and disclosure information and, hence, is mentioned in the regulatory process map in Figure 2.1, as well as in other illustrations and descriptions in this document.

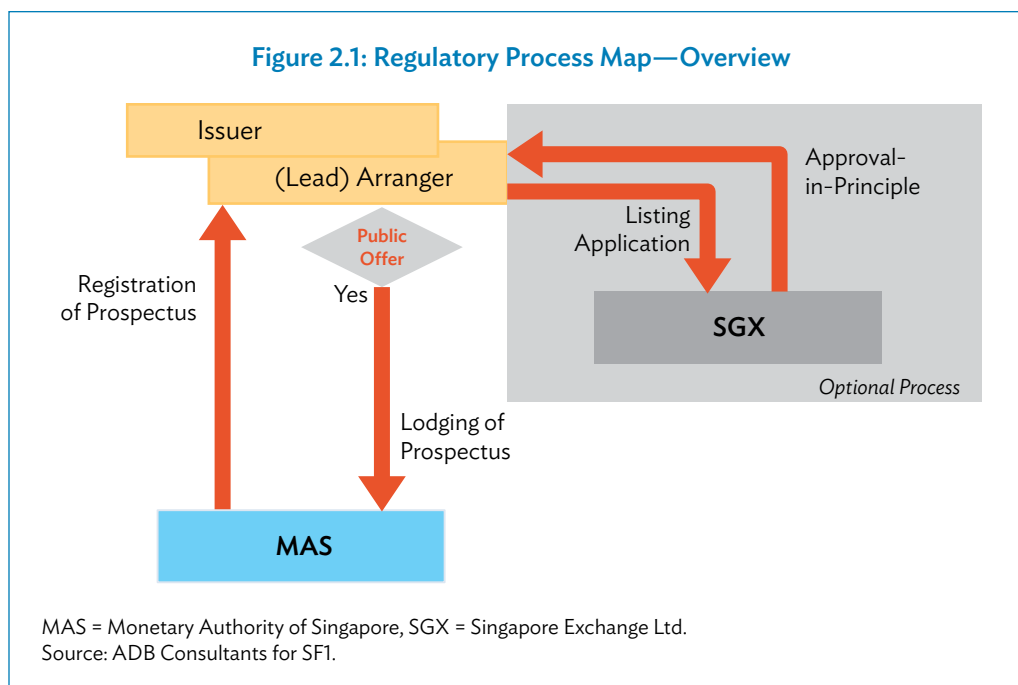
¹⁸ Available at http://www.abs.org.sg/industry_investment.php

¹⁹ Please see Chapter III.E for an explanation of what constitutes public offers in Singapore.

Table 2.2: Authorities Involved in Regulatory Processes by Corporate Issuer Type

Type of Corporate Issuer	MAS (Public Offers only)	SGX
Resident issuer	Lodgement and registration of prospectus required	Listing eligibility follows criteria and related provisions in SGX Listing Rules
Resident nonfinancial institution		
Resident financial institution		
Resident issuing FCY-denominated bonds and notes		
Nonresident issuer		
Nonresident nonfinancial institution		
Nonresident financial institution		
Nonresident issuing FCY-denominated bonds and notes		

FCY = foreign currency, MAS = Monetary Authority of Singapore, SGX = Singapore Exchange Ltd.
 Source: ADB Consultants for SF1.



3. Regulatory Process in Case of a Nonresident Issuer

Under Singapore law and in the regulations and rules issued by MAS and SGX, respectively, there are no distinctions made between domestic issuers and nonresident issuers. As such, the regulatory process described in section 4 is applicable to issuers from any domicile.

At the same time, in the case a nonresident financial institution intends to issue SGD-denominated bonds or notes in Singapore, and use the issuance proceeds outside of Singapore, the nonresident financial institution and its intermediaries are required to swap or convert such issuance proceeds into foreign currency before remitting them abroad. MAS Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions) puts the onus to ensure compliance on any resident financial institution(s) involved in the transaction.²⁰ For details, please refer to Chapter II.N.

4. Regulatory Process for Public Offers

In Singapore, all offers of bonds or notes must be accompanied by a prospectus lodged with and registered by MAS, unless an exemption applies (see section 5 for details on exemptions).²¹ This is set out in Section 240 of the SFA and applies regardless of the domicile of the issuer.

MAS adopts a disclosure-based regime which is supported by the Offers and Prospectuses Electronic Repository and Access (OPERA) system available since July 2002 (see also section G.1, including screenshot).

For a debenture issuance program, a prospectus can consist of a base prospectus (valid for 2 years) and a pricing statement. The base prospectus is valid for all offers under the same program, and subsequent offers require only that a pricing statement be lodged and registered with MAS.

A preliminary prospectus may be distributed to Accredited and Institutional Investors only, to determine the appropriate amount and price of the securities to be offered, even before registration of the prospectus itself. Upon lodgement of the prospectus, the issuer can conduct roadshow presentations to Accredited and Institutional Investors, as well as commence book-building exercises. After lodgement, the prospectus is put up for public viewing and comment on the OPERA portal.

Please note that if the debt securities are offered under the Asian Capital Market Forum (ACMF) initiative called the ASEAN Disclosure Standards Scheme, the prospectus must comply with said ASEAN Disclosure Standards, references to which have been included in the applicable regulations (see below).

The following steps describe the actions to be undertaken by the relevant parties in the course of the lodging of the prospectus and its registration, which constitutes the regulatory process with respect to the prospectus and bond or note issuance by MAS.

Step 1 – Lodging of Prospectus via Offers and Prospectuses Electronic Repository and Access

The issuer or the (lead) arranger needs to lodge the prospectus with MAS. A number of alternative key documents for a public offer, detailed under Section 257 of the SFA, may also be considered as prospectus. This includes an offer information statement (OIS) available to issuers who are already listed on an exchange and, hence,

²⁰ Notice and FAQ available at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/commercial-banks/notices/2004/notice-757--lending-of-singapore-dollar-to-non-resident-financial-institutions.aspx>

²¹ Please also see Chapter III.E for an explanation of what constitutes public offers in Singapore.

have previously published a prospectus. OIS particulars are set out in the Sixteenth Schedule of the SFA Regulations.

The issuer or authorized agent may also lodge a preliminary document, such as an excerpt of a draft prospectus, with MAS if so desired. In the SFA and its accompanying regulations, this is referred to as a profile statement for which specific prescriptions exist as well.

Prospectus requirements are prescribed in Part XIII (Division 1, Subdivision 2) of the SFA, and further augmented in Part II of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations, 2005 (G.N. No. S 611/2005). A prospectus for an ASEAN Offering of Plain Debt Securities shall contain the particulars set out in the ASEAN Debt Securities Disclosure Standards (see also Chapters IX and X).

As specified in Sections 11 and 12 of the Regulations, the prospectus is to be lodged to MAS in electronic form in PDF via OPERA.²² Signatures or specific signed forms or declarations are also to be lodged as separate PDF documents. Where the issuer uses the services of an arranger or legal counsel to lodge the relevant documents, the issuer needs to also lodge a statement authorizing said agent to make the lodgement.

MAS may also request the submission of the prospectus and/or supplementary documents in paper form, in A4 format. In such a case, the issuer or its authorized agents would have to submit a signed statement that the paper form contains the same information as the PDF submitted via OPERA.

Pursuant to Section 243 of the SFA, the prospectus should include all the information that investors and their professional advisers would reasonably require to make an informed investment decision, including an informed assessment of the following matters:

- (i) the rights and liabilities attaching to the securities;
- (ii) the assets and liabilities, profits and losses, financial position and performance, and prospects of the issuer;
- (iii) if the underlying entity is controlled by
 - (a) the person making the offer;
 - (b) one or more of the related parties of the person making the offer; or
 - (c) the person making the offer and one or more of his or her related parties,
 - (d) the assets and liabilities, profits and losses, financial position and performance, and prospects of that entity; and
- (iv) in the case of an offer of units of shares or debentures, where the person making the offer, or an entity which is controlled by
 - (a) the person making the offer;
 - (b) one or more of the related parties of the person making the offer; or
 - (c) the person making the offer and one or more of his or her related parties,

is or will be required to issue or deliver the relevant securities, or to meet financial or contractual obligations to the holders of those units, the capacity of that person or entity to issue or deliver the relevant securities, or the ability of that person or entity to meet those financial or contractual obligations.

²² See <https://opera.mas.gov.sg>

When deciding on the inclusion of information in the prospectus, Section 243 (4) prescribes the consideration of

- (i) the nature of the securities and the nature of the entity concerned;
- (ii) the matters that likely investors may reasonably be expected to know; and
- (iii) the fact that certain matters may reasonably be expected to be known to the professional advisers of such investors.

The Seventh Schedule of the SFA Regulations also contains specific provisions for the contents and form of the prospectus for debt securities to be listed on an exchange, while similar provisions are contained in the Eleventh Schedule for offers of debt securities under a debenture issuance program.

In this context, reference is made to the Guidelines on Good Drafting Practices for Prospectuses issued by MAS in July 2015.²³ The guidelines specifically advocate the use of plain English in the prospectus to improve the readability of prospectuses and facilitating investors' understanding of the key information disclosed in prospectuses.

Under MAS' Guidelines on the Product Highlights Sheet, 2015 (Guideline No. SFA13-G13), offers of "plain vanilla debt securities" where the offer is made in or accompanied by a prospectus or OIS, the issuer and its professional advisers will need to prepare a Product Highlights Sheet (PHS) and lodge the PHS together with the prospectus or OIS, respectively.

The PHS should highlight key information in the offer documents of the relevant offer of securities to investors, and clearly disclose required information in the format specified in the guidelines. The PHS template for debt securities is contained in Appendix 1 of these guidelines and serves as a minimum standard.

The applicable fee shall be paid to MAS at the time of the lodgement of the documents. Fees are prescribed in the First Schedule of the SFA Regulations.

Step 2 – Registration of Prospectus by the Monetary Authority of Singapore

MAS conducts a regulatory review on the prospectus and additional lodged documents and may, at its discretion, ask the issuer or (lead) arranger for additional documents or information, or may provide feedback as necessary. MAS may refuse a lodgement if it does not comply with the prescribed form or format and if applicable fees are not paid.

If prospectus and documents comply with the requirements, MAS will register the prospectus within 7–21 days from the date of lodgement, unless the period is extended for a maximum of 28 days, or the issuer requests a later registration date. A registration letter is sent to the issuer to inform it of the registration of the prospectus. The status of the registration of a prospectus or offer invitation statement for an offer of debentures is reflected on MAS' OPERA web page (see also section G and Figure 2.2).²⁴

²³ See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Funds-Management/Guidelines/2015/Guidelines-on-Good-Drafting-Practices-for-Prospectuses.aspx>

²⁴ See <https://opera.mas.gov.sg/ExtPortal/Public/SD/SearchOffers.aspx?idx=DBT>

Following the registration, the issuer may launch the public offer and distribute the registered prospectus. A registered prospectus is valid for 6 months. In case of a debenture issuance program, the base prospectus is valid for 2 years but the pricing statement will need to be lodged and registered for each tranche under the program.

5. Exemptions from Prospectus Requirements

As previously mentioned, a number of exemptions from prospectus requirements exist, particularly for the specific categories of investors detailed in Chapter III.N. These exemptions include:

- Offers made to Institutional Investors (Section 274 of the SFA) and to Accredited Investors, subject to certain conditions, e.g., advertising restrictions (Section 275 of the SFA).
- Private placement offers made to no more than 50 persons within any period of 12 months, subject to certain conditions (Section 272B of the SFA).
- An entity whose shares are already listed on SGX may use an OIS instead of a prospectus when issuing new types of securities such as bonds or notes (Section 277 of the SFA). An OIS has fewer disclosure requirements.
- Small offer: the total amount raised by the person from such offers within any period of 12 months does not exceed SGD5 million, or its equivalent in a foreign currency, and subject to certain conditions (Section 272A of the SFA).

6. Regulatory Process for Private Placements

Private placements which satisfy the conditions set out in Section 272B of the SFA are not subject to the prospectus requirement.

Private placements of bonds and notes aimed at Accredited or Institutional Investors represent the largest part of the wholesale, or professional, bond market in Singapore. (The other part being public offers to more than 50 Accredited or Institutional Investors.) Accredited or Institutional Investors are expected to be able to make their own informed investment decisions.

In the event that a private placement would be listed on SGX, the eligibility criteria and provisions for such listing and the necessary approval process would be governed by the SGX Listing Rules. Please refer to Chapter III.I for a complete description.

7. Obligations after Registration of Prospectus and after Issuance

The SFA, in Part XIII, Division 1 Subdivision 3, contains certain ongoing obligations for offers of debentures, such as regular reports to be furnished to MAS and the trustee (if appointed). For continuous disclosure obligations, please refer to section G in this chapter.

In the case of bonds or notes being listed on SGX, any ongoing obligations for the issuer or its agents are set out in the SGX Listing Manual. See section G.2 for details.

8. No Specific Issuance Process for a Domestic Financial Institution

In Singapore, there is no distinction between the regulatory processes for resident financial institutions and other issuer types to issue bonds or notes via public offers or private placements to Accredited or Institutional Investors. As such, the regulatory processes are the same as shown in the respective sections above.

This is mentioned here as a matter of clarification, since other markets may have designated issuance approval requirements for financial institutions under banking or other relevant prudential regulations.

9. Regulatory Process for Foreign-Currency-Denominated Debt Instruments

The regulatory process for the issuance of foreign-currency-denominated debt instruments in Singapore follow the details of the processes shown in the previous sections, depending on the issuance form. No separate approvals are required.

G. Continuous Disclosure Requirements in the Singapore Market

Continuous disclosure requirements for securities, including debt securities listed on SGX, are prescribed in Section 203 of the SFA and also detailed in the SGX Listing Rules.

1. Public Offers

The key disclosure document for corporate debt securities offered to the public is the prospectus.²⁵ Once the prospectus is lodged with and registered by MAS, some of the key information in the prospectus is required to be updated at regular intervals. Section 268 of the SFA provides that where there is a trustee for the holders of any debentures of a borrowing entity, the directors, or equivalent persons of the borrowing entity, are required to lodge on a quarterly basis with MAS and the trustee a report that sets out any matters adversely affecting the security or the interests of the holders of the debentures. Additionally, profit-and-loss accounts and balance sheets should be lodged with MAS and the trustee on a semiannual basis.

At the same time, information on public offers can be accessed through an online document and information database available via the MAS website, under the OPERA tab at the bottom of each web page.²⁶ MAS launched OPERA in the context of making available more online services to market participants. OPERA has been in operation since July 2002 and is available for viewing of all relevant offer information from Monday to Saturday, with the exception of its daily scheduled downtime between 4 a.m. and 6 a.m. Singapore time (GMT+8).

In case the issuer is a company already listed in Singapore, and/or plans to list the debt securities on SGX, the issuer will be subject to disclosure requirements of financial and other material information under the SGX Listing Rules (see Item 2).

²⁵ Please also see Chapter III.E for an explanation of what constitutes public offers in Singapore.

²⁶ OPERA is also available at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>

Figure 2.2: Offers and Prospectuses Electronic Repository and Access Homepage

The screenshot displays the OPERA homepage with the following elements:

- Logos:** MAS Monetary Authority of Singapore and Singapore Government (Integrity · Service · Excellence).
- Navigation:** HOME, ABOUT OPERA, OFFERS, BUSINESS TRUSTS E-SERVICES, TAKE-OVERS & MERGERS, FORMS, FAQ.
- Service Categories:** Offers of Shares, Offers of Debentures, Offers of Business Trusts, Offers of CIS, Take-overs & Mergers, Registered Business Trusts.
- Announcements:**
 - 19 June 2015 Announcement - Singpass Scheduled Maintenance:** The Singpass site will not be available from 10pm on 20 June 2015 (Saturday) to 10am on 21 June 2015 (Sunday) (GMT +8) due to a scheduled maintenance. Please note that you will not be able to log into your OPERA account during the maintenance period.
 - 9 February 2015 Announcement - Implementation of Two Factor Authentication ("2FA") for access to OPERA:** On 26 January 2015, we commenced a trial for users to use 2FA to access OPERA. The second factor authentication is a one-time pin to be generated by hardware token. The trial period ends on 29 March 2015 at 0030 hours. During this trial period, users have the option to use 2FA, in addition to SingPass, to access OPERA. After 0030 hours on 29 March 2015 (when 2FA 'goes live'), it will be mandatory for users.
- Log in to OPERA:** LOGIN HERE with your SingPass.
- Quick Links:** Offers of Shares, Offers of Debentures, Offers of Business Trusts, Offers of CIS, Take-overs & Mergers, Registered Business Trusts, User Guide.
- Operating Hours:** OPERA is available from Mondays to Saturdays except between 4am and 6am Singapore Time (GMT +8).

Source: Monetary Authority of Singapore. OPERA. <https://opera.mas.gov.sg/ExtPortal/>

2. Debt Securities Listed on the Singapore Exchange Ltd.

To assure a fair and efficient market for the trading of securities, SGX requires that issuers listed on its market segments disseminate all material information on a timely basis. This requirement enables informed decision-making and avoids information asymmetry in the marketplace. Section 203 of the SFA creates a statutory obligation on an issuer and others to comply with SGX continuing disclosure requirements. These requirements apply regardless of whether the issuance of securities was done through a public offer or a private placement.

Part VI of Chapter 7 of the SGX Listing Manual sets out continuing listing obligations in relation to debt securities. Listing Rule 745 states that a debt issuer must disclose to the exchange, through SGXNet, any information that may have material effect on the price or value of its debt securities, or on an investor's decision whether to trade in such debt securities. Furthermore, Listing Rule 746 requires a debt issuer to provide SGX with its published annual report as soon as it is issued. Listing Rule 747 also requires a debt issuer to announce any redemption or cancellation of debt securities, the details of interest payments to be made, amendments to the trust deed, and any appointment of a replacement trustee, if so applicable.

Apart from continuing obligations set out in Chapter 7 of the SGX Listing Rules, listed entities are subject to additional continuing requirements for those activities that require the voting of shareholders on material decisions relating to the issuers, such as interested person transactions, material acquisitions, reverse takeovers, transfer of controlling interest, and scheme of arrangements.

SGX accepts electronic copies of offering documents and annual reports to be uploaded to the SGX Company Disclosure web page, which also makes such issuance documentation and disclosure information publicly available for easy reference by investors.²⁷ No user registration is required to access such information, which can be retrieved by company name or type of document.

3. Private Placements

The key disclosure document for a bond or note issued to Accredited Investors or Institutional Investors, including those issued through a private placement, is the Information Memorandum or Offering Memorandum, which contains provisions agreed among parties involved—including the issuer (lead arranger), underwriter(s), investors, and other intermediaries—on terms and conditions, governing law and jurisdiction, as well as relevant supporting documentation and disclosure items.

Continuous disclosure follows the listing obligations under the SGX Listing Rules, if such bond or note is listed, and may also depend on specific conditions set in the Information Memorandum or Offering Memorandum, and may be based on market expectations among investors. In the Singapore market, it is customary for the issuers of wholesale bonds to provide updated audited financial statements to the Accredited Investors or Institutional Investors on an annual basis.

Once debt securities issued to Accredited Investors or Institutional Investors via a private placement are listed for profiling on the SGX Wholesale Bonds Market, the continuous disclosure requirements will need to follow the requirements set out in the SGX Listing Rules (see under 2 above).

H. Self-Regulatory Organizations in the Singapore Market

At the present time, the only SRO with relevance for the bond market is SGX.

²⁷ See http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/prospectus_circulars

1. Singapore Exchange Ltd.

Being a listed exchange and a frontline regulator, SGX is considered an SRO. SGX bears commercial responsibilities in addition to its regulatory duties. While this dual role may present conflicts, SGX has established a framework to manage such conflicts.

a. Regulatory Functions

SGX undertakes various regulatory functions to promote a fair, orderly, and transparent marketplace, as well as a safe and efficient clearing system. At the same time, the regulatory functions also contain the supervision and administration of its members, in the context of SGX's role as an SRO. The regulatory functions are handled by the following regulatory departments:

- (i) Listing Policy and Product Admission,
- (ii) IPO Admission,
- (iii) Member Supervision,
- (iv) Market Surveillance and Enforcement,
- (v) Listing Compliance, and
- (vi) Regulatory Development and Policy.

b. Membership

SGX is responsible for ensuring that only well-qualified participants are admitted as members and engages in compliance visits and inspections of its members on an ongoing basis to check that they are financially sound.²⁸

SGX offers a number of securities market (in addition to derivatives market) membership categories to its participants:

1. Trading Member

Market participants who choose to offer specialist execution-only services can become a Trading Member. Each Trading Member must be qualified by a member of CDP at all times. Minimum base capital requirements apply. Trading members must hold a CMS licence if they are operating within Singapore.

2. Remote Trading Member

For Trading Members applying as a Remote Trading Member, the Trading Member must comply with SGX capital and financial requirements and be appropriately licensed in its home jurisdiction. Remote Trading Members cannot deal on behalf of investors based in Singapore.

3. Clearing Member

Members of CDP have clearing rights (Clearing Member) and their role is to act as third-party clearers for Trading Members and for themselves if they also have trading rights. Custodian banks, for example, could be potential

²⁸ This information has been adapted with minor edits by ADB Consultants for SF1 from SGX. Members and Admission. <http://www.sgx.com>

members of CDP, providing third-party clearing services. Clearing Members must hold a CMS licence and minimum capital requirements apply.

4. Depository Agent

Members of the CDP depository (Depository Agents) may act as custodians offering depository services on SGX-ST Securities. The entry criteria of a Depository Agent are that it must be either a Trading or Clearing Member, a licensed trust company, or a bank.

Market participants may also opt to be both Trading Members and Clearing Members. Each applicant for membership will be rigorously examined for its financial, operational, and compliance quality. Key areas include

- minimum capital and financial requirements;
- adequacy of systems for preserving a sound liquidity and financial position;
- segregated and adequate back-office functions;
- fit and proper staff with high standards of integrity and deep knowledge of the nature, risks, and obligations of the applicant's proposed business in SGX markets; and
- credit rating (applicable only to bank applicants).

For further details on the membership criteria, please refer to the relevant SGX-ST and CDP Rules, available on the SGX website.

As of March 2016, SGX had 26 Trading Members and 25 Clearing Members. The list of all members is accessible on the SGX website.²⁹

More information on SGX and its trading and listing boards with a focus on the bond market can be found in other sections in Chapters II, III, and IV in this bond market guide that deal with listing and trading of, and reporting on, debt securities.

For details on some of the listing and trading rules underlying regulations, as well as trading and disclosure rules set, particularly by SGX, please refer to Chapter II.J below.

I. Registration and Licensing of Market Participants

The registration and licensing of participants in the bond market falls under the sole purview of MAS. In principle, market participants involved in the types of activities regulated under the SFA will need to obtain the requisite license under the SFA, unless specifically exempted. Regulated activities are listed in the Second Schedule to the SFA, as follows:

- (i) dealing in securities,
- (ii) trading in futures contracts,
- (iii) leveraged foreign exchange trading,
- (iv) advising on corporate finance,
- (v) fund management,
- (vi) REIT management,
- (vii) securities financing,

²⁹ See http://www.sgx.com/wps/portal/sgxweb/home/regulation/members/members_firm_list

- (viii) providing custodial services for securities, and
- (ix) providing credit rating services.

Under Paragraph 2 of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations, financial institutions in Singapore may participate in the bond market (e.g., as custodian or intermediary for its customers) without the need to obtain a license under the SFA. They are referred to in the market as “exempt dealers.”

For the easy reference of interested parties, MAS has published Frequently Asked Questions on the Securities and Futures (Licensing and Conduct of Business) Regulations, which are updated from time to time. (The last version was updated on 1 April 2014.)³⁰

1. Capital Market Services Licence

Market participants that carry out activities regulated under the SFA, including the dealing or trading in debt securities, are required to apply for a CMS licence from MAS. A CMS licence is granted only to a corporation and is specific to the activities an institution wishes to conduct at the time of application only.

Banks may participate in the bond market without the need to obtain a CMS licence, as mentioned above.

Eligibility criteria are laid out in MAS’ Guidelines on Criteria for the Grant of a Capital Markets Services Licence (Guideline No. SFA04-G01). In assessing an application for a CMS licence, MAS takes into consideration the following factors, among others

- (i) track record, management expertise, and financial soundness of the applicant and its parent company or major shareholders;
- (ii) ability to meet the minimum financial requirements prescribed under the SFA;
- (iii) strength of internal compliance systems;
- (iv) business plans and projections; and
- (v) fitness and propriety.

With respect to factor (e) above, the applicant shall satisfy MAS that

- (i) it is a fit and proper person to be licensed;
- (ii) all of its directors and chief executive officer are fit and proper persons to hold the office; and
- (iii) all of its substantial shareholders and representatives are fit and proper persons.

A holder of a CMS licence has to pay an annual licensing fee but there is no need to apply to MAS to renew annually.

2. Representative Notification Framework

Individuals who wish to conduct regulated activities on behalf of a holder of a CMS licence or a financial institution exempted from licensing under Section 99(1)(a) to (d) of the SFA are required to be appointed as representatives under the Representative Notification Framework.

³⁰ See <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/faqs/2014/faqs-on-lcb.aspx>

As part of the notification, financial institutions are required to certify that the representatives whom they intend to appoint are fit and proper and meet the competency, financial soundness, and integrity standards required. Applicants must satisfy the minimum academic qualification and examination requirements as prescribed in the Notice on Minimum Entry and Examination Requirements for Representatives of Holders of a CMS licence and Exempt Financial Institutions under the SFA (Notice No. SFA 04-N09).

Once a notification has been processed, the name of the proposed representative will be published in the MAS Register of Representatives, a public register, on the MAS website.³¹ Besides the name of the representative, the regulated activities which the representative is allowed to conduct, the principal companies which the representative has worked for within the past 3 years and any formal regulatory action taken by MAS against the representative, would be displayed on the register.

While there is no need for a representative of a CMS licence holder to renew its license, the representative has to pay annual fees to maintain their notified statuses.

3. Participation on the Singapore Exchange Ltd.

In contrast, SGX regulates the membership and participation of institutions in its markets and prescribes their duties and activities for such purposes only. Members and participants must obtain an appropriate CMS licence prior to commencing trading activities on SGX markets.

For SGX membership categories and their roles, please refer to section H.

J. Trading Rules and Conventions

Trading of debt securities in the Singapore market is conducted either OTC or on exchange. SGX sets the rules and conventions for trading of retail bonds and SGS bonds on its securities market. There is no specific body, SRO, or market association that defines detailed trading rules and conventions for the OTC market in Singapore, resulting in differing practices in the OTC market. For details on the SGX-ST Rules, please see the next section.

Detailed trading rules and conventions for the SGS market can be found in the Rules and Market Practices of the Singapore Government Securities Market.³²

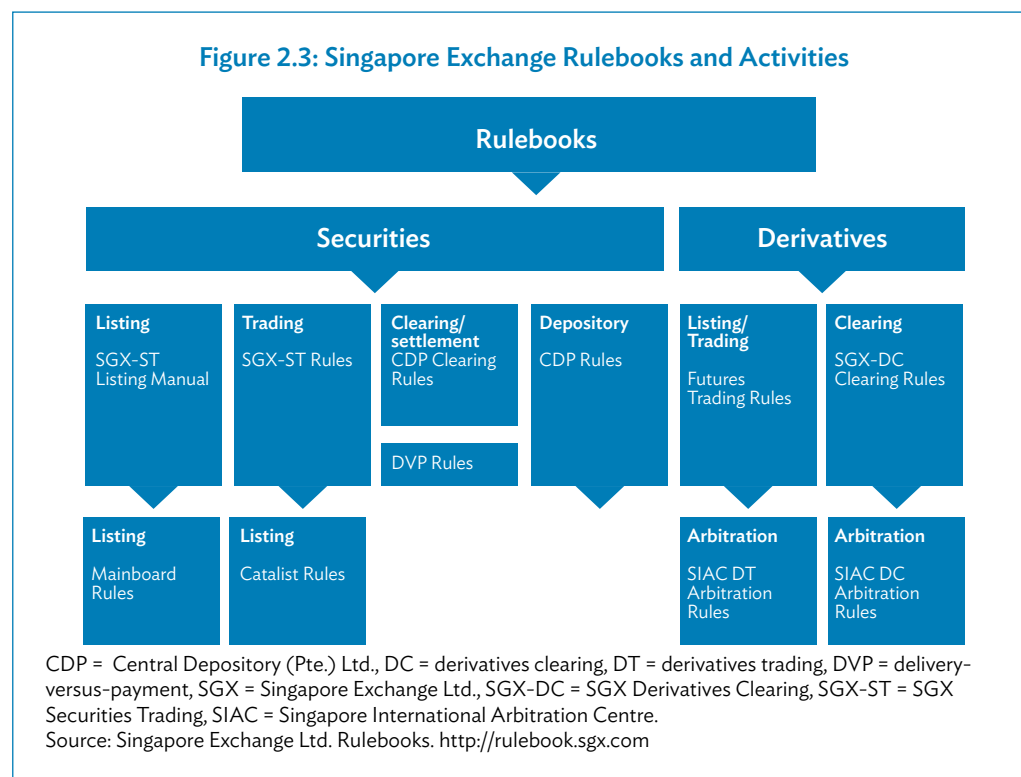
K. Singapore Exchange Rules Related to Bond Listing, Disclosure, and Trading

SGX governs its markets and divisions, and participant trading and clearing members and their activities, through the seven SGX Rulebooks. These Rulebooks contain the various rules governing the listing (and related disclosure), clearing, trading, and depository services that the industry needs to comply with. The Rulebooks are often updated and revised to keep pace with market developments.

³¹ Available on a separate MAS website at <https://masnetvc2.mas.gov.sg/drr/rr.do>

³² See <http://www.sgs.gov.sg/Publications/Market-Practices.aspx>

Figure 2.3 best demonstrates the relationship between the SGX Rulebooks and the activities undertaken by SGX.



In the context of the Singapore bond market, all SGX Rulebooks under the header “Securities” are relevant, with the exception of the Catalist Rules, since debt securities may be listed, traded, cleared, and settled on SGX and CDP, respectively.³³

If issuers of or investors in debt securities wish to avail themselves of interest rate hedging tools traded on SGX, additional Rulebooks under the header “Derivatives” would also apply, as may be necessary.

In addition to the Rulebooks, SGX deploys the following documents to communicate with its participants and members:

- **Directives.** Directives are binding notices directing members to take corrective or other actions in the interests of a fair and orderly market or in light of investor protection concerns.
- **Practice Notes.** Practice Notes are nonbinding guidelines that seek to explain the application and interpretation of a rule.
- **Circulars.** Circulars are binding notices issued by SGX regarding regulatory and nonregulatory matters pertaining to the market.

³³ Interest parties may visit <http://rulebook.sgx.com> to click on the relevant Rulebook in the diagram to be guided to the actual Rulebook text.

Specifically, SGX sets rules and regulations with regard to the following segments in the bond market in Singapore:

a. Singapore Exchange Ltd. Securities Market

i. Listing and Disclosure

The SGX-ST Listing Manual, in its latest version, governs the eligibility criteria, and listing process and practices for the wholesale and retail debt securities listed on SGX.

ii. Trading

In its SGX-ST Rules, SGX defines the rules and sets market conventions for its members and participants, with regard to trading hours, the quoting and trading of debt securities including board lots and minimum bid sizes for the trading of debt securities. SGX also details clearing and settlement fee practices and specifies certain trading safeguards in the interest of a safe and sound bond market.

b. Wholesale Bonds (Profile Listing)

The Wholesale Bonds segment on SGX facilitates the profile listing of debt securities aimed at Accredited and Institutional Investors (professional investors under the SFA).

Chapter 3 of the SGX Listing Manual covers the listing of debt securities. Part VI of Chapter 7 of the SGX Listing Rulebook contains the provisions for continuing listing obligations related to the listing of debt securities.³⁴ SGX-ST Rules contain the applicable provisions for debt securities trading and related market conventions.

For further details on the individual SGX market segments for the listing and trading of debt securities mentioned above, please refer to Chapters III and IV, respectively.

L. Market Entry Requirements (Nonresidents)

1. Nonresident Issuers

There are no specific market entry requirements for nonresident issuers in the Singapore bond market. There is no quota for the issuance of Singapore dollar or foreign currency debt instruments by a nonresident issuer.

Foreign issuers may issue debt securities denominated in Singapore dollars or foreign currency, subject to lodging and registering a prospectus with MAS, as necessary (see section F in this chapter).

³⁴ A public consultation began in December 2014. If the proposals are implemented, the continuing listing obligations in Part VI of Chapter 7 of the SGX Listing Manual will be moved to a new part in Chapter 3.

Unrated foreign entities may still offer bonds or notes to retail investors, as long as the prospectus requirements have been complied with. At the same time, agent banks may only place or sell SGD-denominated bonds issued by an unrated foreign entity to Accredited or Institutional Investors.

The proceeds raised from an issuance may be used either in Singapore or overseas. In this regard, nonresident financial institutions, as issuers and domestic financial institutions acting as their agents, need to observe MAS Notice 757 (see section M below). There is no restriction for foreign issuers to open and maintain Singapore dollar or foreign currency accounts with financial institutions based in Singapore.

Foreign issuers can avail themselves of foreign exchange and hedging instruments to manage interest rate exposure arising from the bond or note issuance with financial institutions in Singapore or overseas. According to the 2013 Triennial Bank for International Settlements survey, Singapore was ranked the largest OTC interest rate derivatives center in Asia and the Pacific (excluding Japan) by turnover.

2. Foreign Investors

There are no market entry requirements, such as a prior registration, for foreign market participants to enable them to commence investing or trading in the Singapore bond market.

Foreign investors are free to invest in Singapore in any form including the purchase of debt securities denominated in Singapore dollars, offshore Chinese renminbi, or other foreign currencies.

M. Market Exit Requirements (Nonresidents)

1. Foreign Issuers

There are no specific market exit requirements for foreign issuers.

2. Foreign Investors

There are no specific market exit requirements for foreign investors.

There are no restrictions for foreign investors to repatriate funds from divestment or redemption of Singapore dollar, offshore Chinese renminbi, or other foreign currency assets or interest arising from the investments.

N. Regulations and Limitations (Nonresidents)

Singapore has a leading position as an international financial center and a major treasury center in the region. Consequently, there are principally no limitations for nonresidents on their activities in the Singapore market.

However, reference is again made to MAS Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions), which has been in force since 29 May 2004.³⁵

MAS Notice 757 does not actually limit the lending to nonresident financial institutions. In fact, banks may lend to nonresident financial institutions for any purpose in Singapore or elsewhere, without restriction, up to SGD5 million. Only if the amount exceeds SGD5 million and the proceeds are to be used outside of Singapore, must the proceeds be swapped or converted to foreign currency before remittance out of Singapore.

In the context of the domestic bond market, this also applies to the issuance of SGD-denominated bonds or notes by a nonresident financial institution as issuer, and the placement of such issues with domestic banks as underwriters or investors.

At the same time, MAS Notice 757 also permits the temporary extension of SGD overdraft facilities of any amount for the purpose of preventing settlement failures. Any such overdrafts would have to be covered within 2 business days.

O. Regulations on Credit Rating Agencies

MAS implemented a regulatory framework for credit rating agencies (CRAs) with effect from 17 January 2012. MAS had previously issued a consultation paper on the proposed CRA regulatory framework in March 2011, and conducted discussions with the industry and market practitioners. The framework applies as long as the preparation for a credit rating is carried out at least partly in Singapore.

Under the new CRA regulatory framework, the provision of credit rating services will be regulated under the SFA. CRAs consequently have to be licensed through the licensing regime under the SFA and are subject to licensing obligations. CRAs are required to comply with existing regulations, guidelines, and notices under the SFA that apply to all CMS licencees. In addition, CRAs also have to comply with the new Code of Conduct for Credit Rating Agencies, which MAS introduced in January 2012 pursuant to section 321 of the SFA.³⁶

MAS also requires CMS licencees providing credit rating services to appoint and register under the Representative Notification Framework any individual who acts as their representative in providing credit rating services. Representatives providing credit rating services are required to hold at minimum a bachelor's degree in a relevant discipline that will allow them to perform the job function effectively.

Under Provision 10.4 of the Code of Conduct for Credit Rating Agencies, CRAs operating in Singapore need to disclose specific information on an annual basis, such as its legal structure, ownership, and financial information about its revenue.

³⁵ See http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/commercial-banks/notices/2004/notice-757--lending-of-singapore-dollar-to-non_resident-financial-institutions.aspx

³⁶ Available at <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Funds-Management/Codes/2012/Code-on-Credit-Rating-Agencies.aspx>

At present, four CRAs are incorporated and operating in Singapore, are holders of CMS licences in respect of providing credit rating services, and have adopted the MAS code:

- A.M. Best-Asia Pacific (Singapore)
- Fitch Ratings Singapore
- Moody's Investors Service Singapore
- Standard & Poor's Singapore

For cross-border CRAs, MAS has signed a memorandum of understanding with the European Securities and Markets Authority on the supervision of cross-border CRAs.

For the actual credit rating requirements in Singapore, and the application of such credit ratings in the issuance or listing process of bonds and notes, please refer to Chapter III.O.



Characteristics of the Singapore Bond Market

As a mature and well-developed market, the Singapore bond market continues to introduce new features and instruments on a regular basis. Innovations and market improvements are driven by MAS' mandate for the development of Singapore as a financial center, and a desire by SGX to offer a broad range of services for bond listing, trading, and pricing taking in the requirements of different types of issuers and investors domestically, regionally, and beyond.

MAS started issuing MAS bills in 2011 to offer another high-quality instrument for the management of liquidity by market participants, and also introduced the Code of Conduct for Credit Rating Agencies in line with global developments. Singapore Savings Bonds, which are only offered to individual investors, were introduced in October 2015.

SGX revitalized retail bonds on its main board in 2011 and has established a platform for the fast and efficient profile listing of debt instruments aimed at professional investors, called Wholesale Bonds. December 2015 saw the launch of SGX Bond Pro, a centralized platform for trading Asian debt securities in the OTC market. MAS and SGX have also announced initiatives to make it easier for corporates to offer bonds to retail investors. These initiatives include allowing eligible issuers to redenominate wholesale bonds into smaller lot sizes for secondary trading and exempting eligible issuers from the prospectus requirements for new offers.³⁷

Singapore's participation in regional cooperation has yielded the introduction of the ASEAN Disclosure Standard Scheme and the Streamlined Review Framework for the ASEAN Common Prospectus (both are initiatives under the ACMF), and the implementation of AMBIF, which is an initiative of ABMF.

These and many other characteristics of the Singapore bond market are described in this chapter and, to a certain degree, in the subsequent chapters for further illustration.

A. Definition of Securities

In Singapore law, the SFA contains a comprehensive definition of the term "securities." At the same time, securities are also referenced in other pertinent law, as detailed below.

1. Definition in the Securities and Futures Act

The definition of securities is included in Part I, Section 2(1), Interpretation of the SFA (amended as of 1 May 2014), and reads verbatim:

³⁷ See <http://www.mas.gov.sg/news-and-publications/media-releases/2014/mas-responses-to-public-feedback-on-bond-offerings-to-retail-investors.aspx>; and http://infopub.sgx.com/FileOpen/20141223_SGX_responds_its_consultation_on_greater_retail_access_to_bonds.ashx?App=Announcement&FileID=329258

“securities” means

- (i) debentures or stocks issued or proposed to be issued by a government;
- (ii) debentures, stocks, or shares issued or proposed to be issued by a corporation or body unincorporate;
- (iii) any right, option, or derivative in respect of any such debentures, stocks, or shares;
- (iv) any right under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in
 - (a) the value or price of any such debentures, stocks, or shares;
 - (b) the value or price of any group of any such debentures, stocks, or shares; or
 - (c) an index of any such debentures, stocks, or shares;
- (v) any unit in a collective investment scheme;
- (vi) any unit in a business trust;
- (vii) any derivative of a unit in a business trust; or
- (viii) such other product or class of products as [MAS] may prescribe,

but does not include

- (i) futures contracts which are traded on a futures market;
- (ii) bills of exchange;
- (iii) promissory notes;
- (iv) certificates of deposit issued by a bank or finance company whether situated in Singapore or elsewhere; or
- (v) such other product or class of products as [MAS] may prescribe as not being securities;

In the same Section 2(1), “debentures” are also further defined as follows:

“debenture,” except for the purposes of Part XIII, includes any debenture stock, bond, note, and any other debt securities issued by a corporation or any other entity, whether constituting a charge or not, on the assets of the issuer but does not include

- (i) a cheque, letter of credit, order for the payment of money, or bill of exchange; or
- (ii) for the purposes of the application of this definition to a provision of this Act in respect of which any regulations made thereunder provide that the word “debenture” does not include a prescribed document or a document included in a prescribed class of documents, that document or a document included in that class of documents, as the case may be;

Securities and debentures are separately defined in Section 239 (Part XIII, Offers of Investments, Division 1 Shares and Debentures) for the purposes of the prospectus requirement:

“securities” refer to

- (i) shares or units of shares in a corporation;
- (ii) debentures or units of debentures of an entity;
- (iii) interests in a limited partnership or limited liability partnership formed in Singapore or elsewhere; or
- (iv) such other product or class of products as [MAS] may prescribe,

but does not include such other product or class or products as [MAS] may prescribe as not being securities;

“debentures” includes debenture stock, bonds, notes, and any other debt securities issued by a corporation or any other entity, whether or not constituting a charge on the assets of the issuer but does not include

- (i) a cheque, letter of credit, order for the payment of money, or bill of exchange;
- (ii) subject to the regulations made under this Act, a promissory note having a face value of not less than USD100,000 and having a maturity period of not more than 12 months; or
- (iii) for the purposes of the application of this definition to a provision of this Act in respect of which any regulations made thereunder provide that the word “debenture” does not include a prescribed document or a document included in a prescribed class of documents, that document or a document included in that class of documents, as the case may be.

In addition, “debenture issuance programme” is defined as

any scheme or arrangement by an entity for the issue of debentures or units of debentures where only part of the maximum amount or aggregate number of debentures or units of debentures under the programme is offered initially and a further tranche or tranches may be offered subsequently.

2. Debentures in the Companies Act

Reference specifically to debentures and their issuance is also made in Division 5 (Debentures) of the Companies Act (as amended). At the same time, most original provisions with regard to the issuance of debentures have been repealed in favor of the SFA when it was issued. The definition of debentures in the Companies Act is the same as that in Section 2 of the SFA.

B. Types of Bonds and Notes

Singapore features an active bond market, with issuances evident for both domestic and international bonds and notes denominated in Singapore dollars and a variety of foreign currencies. There is no official definition of the terms bond or note, although the terms are frequently used by market participants and in both the names of and documentation for instruments issued in the Singapore market.

Despite the collective definition in the law referring to debentures, government and corporate bonds and notes issued in Singapore are increasingly referred to as “debt securities,” including in the representations of issuers to investors as prescribed in the Guidelines on the Product Highlights Sheet for Offers of Debt Securities, Hybrid Instruments, and Equity Securities (Guideline SFA 13-G13) issued by MAS in February 2015. In order to facilitate investor understanding of the referenced PHS, debt securities are simply referred to as bonds, even if the offer is for a debenture issuance program.

1. Singapore Government Securities

SGS were initially issued to meet banks' needs for a risk-free asset in their liquid asset portfolios. In 1998, MAS spearheaded efforts to enhance the efficiency and liquidity of the SGS market as part of its strategy to develop Singapore as an international debt hub. This was further refined in May 2000 with the introduction of a focused issuance program aimed at building large and liquid benchmark bonds, primarily through larger issuance of new SGS bonds and reopening of existing issues, to enlarge the free float and occasional bond purchase programs to rechannel liquidity from off-the-run issues to benchmark bonds. Since then, the SGS market has grown significantly.

MAS is the fiscal agent of the government. As such, it is empowered by the Development Loan Act, the Local Treasury Bills Act, and the Government Securities Act to undertake the issuance and management of securities on behalf of the government. The amount of SGS issued is authorized by a resolution of Parliament and with the President's concurrence. Each year, MAS seeks approval from the Minister for Finance for the total amount of SGS issuance for the new financial year. MAS decides, in consultation with the SGS Primary Dealers, the timing and amount of individual bond issues.

SGS are issued by MAS, on behalf of the government. Unlike in many other countries, the government does not need to finance its expenditures through the issuance of government bonds as it operates a balanced budget and often enjoys budget surpluses. This allows the government to focus on the development of Singapore's capital markets instead, and the issuance of SGS serves primarily to

- (i) build a liquid SGS market to provide a robust government yield curve for the pricing of private debt securities;
- (ii) foster the growth of an active secondary market, both for cash transactions and derivatives, to enable efficient risk management; and
- (iii) encourage issuers and investors, both domestic and international, to participate in the Singapore bond market.

SGS comprise marketable short-term T-Bills and medium- and long-term bonds. SGS T-Bills are zero-coupon, and issued and traded on a discount basis. On the other hand, SGS Treasury bonds carry a fixed semiannual coupon paid on the first business day of the particular month. They are noncallable and non-puttable bonds with bullet redemptions.

SGS T-Bill and bond auctions are held on a regular basis according to an annual issuance calendar.

Government securities issued in Singapore feature a range of forms and formats (Table 3.1).

In addition, Singapore Savings Bonds, a new type of SGS designed to offer individuals (at least 18 years old) a long-term, flexible savings option with safe returns. Applications for the first Singapore Savings Bond issue opened on 1 September 2015, and the bond was issued on 1 October 2015. MAS expects to issue a new Savings Bond every month for at least 5 years.

Singapore Savings Bonds have a tenor of 10 years and may be redeemed early on a monthly basis at the bondholder's request. They cannot be traded, pledged as collateral, or otherwise transferred. Singapore Savings Bonds pay coupons that increase over time, with their average return based on the returns on conventional SGS. Individuals may apply for each Singapore

Table 3.1: Characteristics of Singapore Government Securities

Item	T- Bills	Bonds
Issuer	Government of Singapore	Government of Singapore
Tenor	1Y	2Y, 5Y, 10Y, 20Y, and 30Y
Interest rate	Discount	Fixed coupon
Coupon payments	N/A	Semiannual (every 6 months)
Minimum denomination	SGD1,000	SGD1,000
Typical issue size	SGD2 billion–SGD4 billion	SGD2 billion–SGD3 billion for benchmark issues

SGD = Singapore dollar, Y = year.

Source: Singapore Government Securities. Issuance and Auction Conduct. <http://www.sgs.gov.sg/The-SGS-Market/Issuance-and-Auction-Conduct.aspx>.

Savings Bond issue in multiple denominations of SGD500 up to SGD50,000, and hold up to SGD100,000 of Singapore Savings Bonds at any point in time.

For more information, please refer to the Singapore Savings Bond website at www.sgs.gov.sg/savingsbonds/

2. Corporate Bonds and Notes

Singapore's corporate bond market is mainly composed of statutory board bonds, domestic bonds, and nondomestic bonds and notes, including note programs open to both local and foreign investors. Corporate bonds and notes are generally bought and traded over the counter, but may be listed for trading or profiling on SGX.

a. Statutory Board Bond Issuers

Statutory boards of the government are autonomous organizations whose issues generally imply good credit ratings even though there may not be an explicit guarantee given by the government. Statutory board papers are considered the most liquid among debt instruments on the Singapore corporate bond market. The three largest statutory board issuers are the

- (i) Housing Development Board, the public housing authority that plans and develops public housing under the Ministry of National Development;
- (ii) Land Transport Authority, a statutory board under the Ministry of Transport, which leads land transport developments; and
- (iii) Public Utilities Board, the national water agency responsible for collection, production, distribution, and reclamation of water.

b. Domestic Corporate Bond Issuers

Domestic corporate bond issuers are mainly composed of property-related companies, statutory boards, financial institutions, government-linked companies (GLCs), and other non-property-related companies.

Statutory boards are quasi-governmental agencies, which have been given autonomy and flexibility to perform an operational function. Their activities are overseen by a board of directors and typically come under a specific government ministry. GLCs include companies such as Singapore Airlines, SingTel, DBS Bank, SMRT Corporation, and PSA Corporation.

c. Nondomestic or Foreign Bond Issuers

Singapore is one of the most international bond markets in Asia, with over a quarter of total annual issuance from foreign entities. Foreign entity issuers consist mainly of supranational agencies, corporations, and financial institutions.

These include well-known foreign corporations such as Cheung Kong Holdings, Citigroup, Merrill Lynch & Company, the Export-Import Bank of Korea,* and ADB, among others. Some, but not necessarily all, of these nondomestic Singapore dollar corporate bond issues are issued under the SGX Listed Medium-Term Note (MTN) Programme.

The Singapore corporate bond market uses a wide range of debt structures that include fixed- and floating-rate notes, asset-backed securities, equity-linked notes, mortgage-backed securities, and many other structured products. If an issuer intends to use the proceeds outside Singapore where a currency swap facility exists, the swap tenor must match the bond tenor.

C. Money Market Instruments

Money market instruments are short(er) term debt instruments issued by either the government, directly by MAS, or by the private sector. Money market instruments are generally limited to instruments with a maturity of less than 1 year.

MAS money market operations are carried out exclusively with Primary Dealers in recognition of their role as specialist intermediaries in the SGS and money markets. Among others, instruments used by participants are repurchase agreements (repos) on SGS and MAS bills. The Primary Dealers, in turn, supply these instruments to the interbank market.

The interbank market, between banks and nonbank financial institutions, makes use of these money market instruments as collateral for obtaining cash liquidity in Singapore dollars and other currencies through repo transactions.

The money market instruments observed in the Singapore market can be divided into the following:

1. Issued by the Government or Monetary Authority of Singapore

a. Singapore Government Securities T-Bills

In addition to their nature as short-term government funding instruments, SGS T-Bills may also be issued as practical instruments to absorb money market liquidity, as part of MAS' open market operations. SGS T-Bills are issued with 1-year tenors. Also see section B.1 for details.

* ADB recognizes "Korea" as the Republic of Korea.

b. Monetary Authority of Singapore Bills

MAS started issuing MAS bills in April 2011 to facilitate participating banks' liquidity management and to increase the availability of high-quality liquid assets. Banks tend to sell or pledge MAS bills as collateral in the interbank repo market or in repo transactions with MAS.

Both SGS T-Bills and MAS bills may also be used by financial institutions to obtain liquidity through MAS' Intraday Liquidity Facility and Standing Facility, in the form of an intraday and overnight repo transaction, respectively. See also Chapter IV.H for details.

2. Issued by the Corporate Sector

a. Commercial Paper

Commercial paper is a short-term revolving promissory note with original tenors from 1 month to 1 year. In practice, commercial paper is often rolled over upon maturity until the expiry of an issuance program. Most investors hold commercial paper until maturity, as these instruments are short term in nature.

The understanding in the Singapore market is that commercial paper issuances have largely been replaced by MTN programs.

b. Repurchase Agreements (Repo)

A repo is a contract to sell and, subsequently, repurchase securities at a specified date and price. It is also known as a buyback arrangement. As mentioned above, repo is a commonly used transaction by market participants to obtain liquidity and involving short-term government or MAS bills as collateral. Details on the Singapore repo market and its practices are provided in Chapter IV.

D. Segmentation of the Market

To provide a better illustration of the segmentation of the different types of debt securities issued in Singapore, Table 3.2 provides an overview of the outstanding value by the types of securities detailed in section C.

More information on outstanding bond and note issues or specific statistics on the Singapore bond market can be found on the website of MAS;³⁸ its dedicated websites for SGS;³⁹ the website of SGX; as well as on *AsianBondsOnline*, a bond information portal operated by ADB under an initiative of ASEAN+3.

As a result of the broad availability of significant and very current bond market statistics for Singapore, this bond market guide no longer carries detailed statistics since the shelf life of these statistics is limited and may not be of use to the reader soon after publication. Please

³⁸ See <http://www.mas.gov.sg/Monetary-Policy-and-Economics/Central-Bank-Operations-and-Liquidity-Management/MAS-Bills.aspx>

³⁹ See <http://www.sgs.gov.sg/>; and <http://www.sgs.gov.sg/savingsbonds.aspx>

Table 3.2: Segmentation of the Market—Outstanding Value by Type of Bond or Note

Type of Instrument	Type of Bonds or Notes	Outstanding Amount (SGD million)	% of Total
Government Debt Securities	T-Bill	8,500	2.19
	Government bond	97,200	25.06
	MAS bills	77,500	19.98
	Subtotal	183,200	47.23
SGD Corporate Debt Securities	Corporate bonds (excluding Statutory Board Bonds)	103,100	26.58
	Statutory Board Bonds	26,900	6.93
	Subtotal	130,000	33.52
FCY-Denominated Debt Securities*		74,640	19.24
Total		387,840	100.00

FCY = foreign currency, MAS = Monetary Authority of Singapore, SGD = Singapore dollar.

* Official statistics show USD52.79 billion converted at the official MAS exchange rate on 30 December 2015.

Note: Data as of end of December 2015.

Sources: *AsianBondsOnline*, Bloomberg, and Monetary Authority of Singapore.

see the explanation and appropriate links provided in Chapter VII, as well as in Appendix 2—Practical References.

E. Methods of Issuing Bonds and Notes (Primary Market)

There are a number of different methods to issue debt securities in Singapore, for both government instruments and corporate bonds and notes, which are explained in this section.

Licensed securities dealers and exempt dealers (e.g., banks and merchant banks) are permitted to engage in primary market transactions as agents of the issuer. Every public offering of securities requires a prospectus for offering unless it qualifies for one of the legally defined exemptions. Whenever such exemption is applicable, an Information Memorandum or a statement of material facts is usually issued as a matter of market practice instead of a prospectus.

Conventional SGS bonds, T-Bills, and MAS bills are issued via auctions conducted by MAS. Singapore Savings Bonds are issued via a quantity ceiling format. Should the total demand for Singapore Savings Bonds exceed the amount on offer in a particular month, MAS will allocate the bonds so as to maximize the number of successful applicants. Arrangers or underwriters for corporate bonds may conduct book-building exercises for their issuers.

For practical reference, issuance methods are detailed by the type of securities offered.

1. Methods of Government Securities Offering

Conventional SGS bonds, T-Bills, and MAS bills are issued through the auction method. Auctions for government securities are conducted by MAS exclusively with Primary Dealers,

who in turn submit bids on behalf of their customers. Investors are not able to participate directly at auction.

a. Singapore Government Securities Bonds and T-Bills via Auction

Both SGS bonds and T-Bills are issued in the primary market through both competitive and noncompetitive auctions conducted by MAS. Participants are Primary Dealers only. T-Bills and SGS bonds are issued according to an issuance calendar preannounced via the SGS website.

All applications for SGS allocations must be submitted through one of the approved SGS Primary Dealers. SGS Primary Dealers will then apply for the book-entry SGS on offer at primary auctions by way of the SGS electronic applications service (SGS eApps) available on the SGS website. Bids have to be entered by noon on auction day.

Tenders are entered on a yield basis and the auction is allotted on a Uniform Pricing basis, which is the highest accepted yield (also referred to as cutoff yield) of successful competitive bids submitted at the auction. Retail investors must have a CDP account to participate in auctions.

For ease of reference, the key auction parameters are summarized in Table 3.3.

b. Noncompetitive Auction Involving the Monetary Authority of Singapore

MAS may itself participate in SGS auctions (e.g., for the purpose of obtaining securities for its open market operations). Bidding is conducted in a noncompetitive manner, and MAS will announce its intention and intended bid size prior to each auction.

MAS will be allotted SGS at the same method as for competitive auctions.

c. Monetary Authority of Singapore Bills via Auction

MAS Bills are issued on a regular basis, typically weekly, in accordance with an issuance calendar preannounced around May and November for the following 6 months. Similar to T-Bills, MAS bills are auctioned using a uniform price auction. Only Institutional Investors are eligible to apply and all applications must be submitted through a Primary Dealer, with bids limited to only competitive bids. The auction conduct otherwise follows the process in place for SGS.

d. When-Issued Trading

When-issued trading is conducted among Primary Dealers in the period from the formal announcement of an SGS issuance (not the release of the auction calendar) to the actual issue date. When-issued trading serves as a price discovery mechanism for both MAS and Primary Dealers.

e. Singapore Government Securities Mini-Auctions

MAS introduced “mini-auctions” of SGS bonds in 2015 as a regular feature in the issuance calendar to address unexpected instances of strong demand for bonds

Table 3.3: Singapore Government Securities Auction—Summary of Conduct

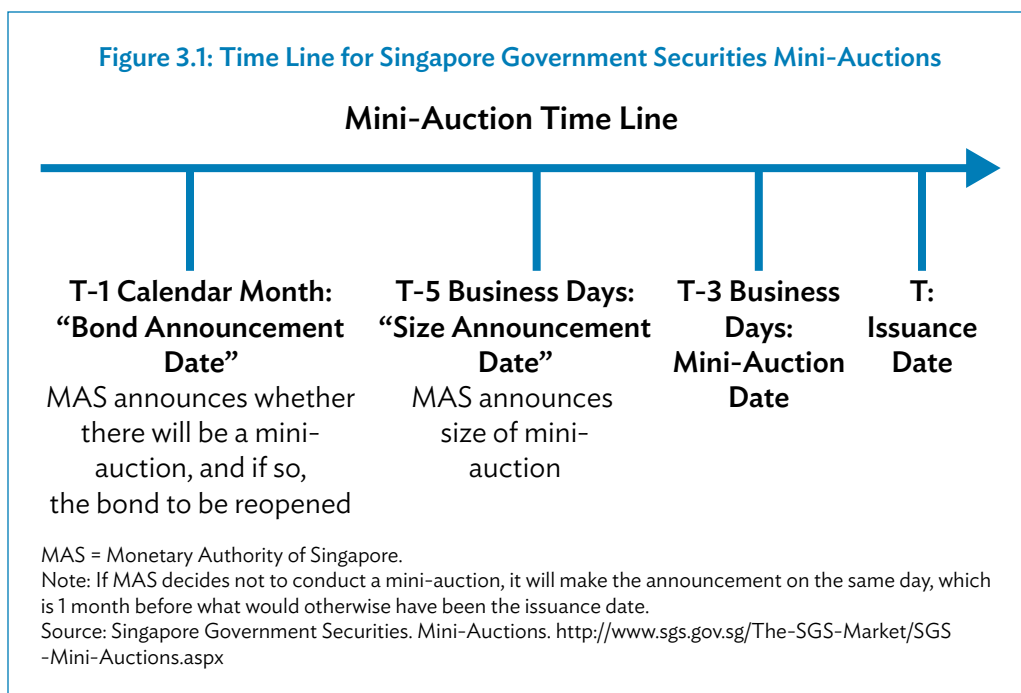
Auction Format	Uniform pricing
Bids	Yield basis
Admission	All entities and individuals (including nonresidents)
MAS Participation	Yes (noncompetitive only)
Competitive Bids	
Maximum number of bids	Unconstrained
Maximum allotment	(Includes noncompetitive bids)
- Primary Dealer	30% of issue on offer per applicant
- Non-Primary Dealer	15% of issue on offer per applicant
Noncompetitive Bids	
Maximum allotment	Maximum 40% of issue size; prorated if necessary
- For SGS bonds	SGD2 million per application for bonds
- For SGS T-Bills	SGD1 million per application for T-Bills
Auction process	Noncompetitive bids will be allotted first; balance awarded to competitive tenders from the lowest to highest yields
Auction Time Line	
Between announcement and auction	About 5 business days
Between bids and results	About 1 hour
Between results and settlement	About 3 business days
Other Information	
Accounting	Book-entry only
Number of Primary Dealers	13
Underwriting	Yes, each Primary Dealer obligated to subscribe for an equal share
Post-auction subscription	No
Frequency of auction	According to auction calendar
Cutoff time	Noon on auction day
When-issued trading	Yes

MAS = Monetary Authority of Singapore, SGS = Singapore Government Securities.

Source: Adapted by ADB Consultants for SF1 from Singapore Government Securities. Issuance and Auction Conduct. <http://www.sgs.gov.sg/The-SGS-Market/Issuance-and-Auction-Conduct.aspx>

outside the issuance calendar. Mini-auctions are reopenings of SGS bonds with a maximum size of SGD1 billion. Unlike normal auctions, should MAS decide to conduct a mini-auction, it will announce the bond to be reopened 1 month before its issuance date. The possible dates of mini-auctions will be published in the issuance calendar.

Bonds scheduled in the issuance calendar will not be reopened via mini-auction until at least 6 months after they were first issued in the year. In line with the current practice, the issuance size will be announced 5 business days before the mini-auction date (see Figure 3.1). Mini-auctions follow the same procedures as regular SGS auctions.



The results of SGS auctions are announced on the SGS website and, for bonds only, also in the major newspapers in Singapore. The auction results include the amount applied, the coupon rate, the average yield and price of successful bids, the cutoff yield and price, and the percentage allotted at the cutoff yield. The amount of SGS allotted to MAS at the auction will also be published.

Settlement of successful auction bids takes place on the issue date, which is usually 3 business days following the auction date. Settlement is via the MAS Enhanced Electronic Payment System (MEPS+), which is a real-time gross settlement system, on a delivery-versus-payment (DVP) basis. For non-Primary Dealers without MEPS+ accounts, the book-entry SGS allotted to them will be held in custody on their behalf by the Primary Dealer with whom they have set up custody accounts. Individual customers may only keep SGS in their accounts with CDP.

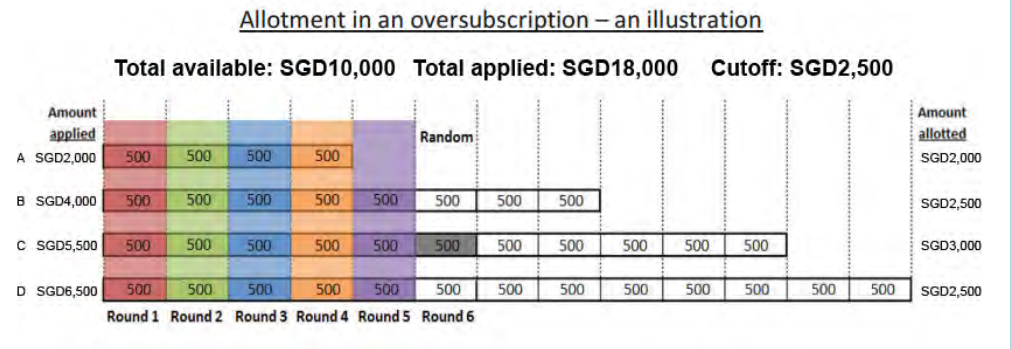
2. Singapore Savings Bonds

Singapore Savings Bonds are issued according to a quantity ceiling format. Applicants submit their intended application amount. Should total applications be less than the amount on offer, all applications will be fully allotted, subject to individual limits.

Should total applications exceed the issuance size, each applicant will receive at least SGD500 of Singapore Savings Bonds, with the amount increasing in multiples of SGD500 for every applicant until an applicant has received the full amount that he or she has applied for, or until all the available bonds have been allotted, whichever comes first. If the number of applicants is so large that issuing SGD500 per applicant would exceed the total issuance size, the bonds will be allocated among applicants on a random basis, at SGD500 each.

Figure 3.2 provides an illustration of the allotment process.

Figure 3.2: Illustration of the Singapore Savings Bonds Allotment Process



The Government of Singapore plans to issue up to SGD10,000 of Singapore Savings Bonds. Four individuals, A (SGD2,000), B (SGD4,000), C (SGD5,500), and D (SGD6,500), applied for a total of SGD18,000 of Singapore Savings Bonds.

The available bonds will be spread out among as many investors as possible in the following manner:

- Applications are filled in denominations of SGD500 upward.
- After Round 4, SGD8,000 of Singapore Savings Bonds have been allotted, and A's application has been fully met. SGD2,000 of Singapore Savings Bonds are left.
- In Round 5, SGD1,500 of Singapore Savings Bonds are allotted.
- The remaining SGD500 is insufficient to fill all applications in Round 6. One person among B, C, and D is randomly allotted the remaining SGD500. In this case, C gets the SGD500.

A is allotted SGD2,00, B and D receive SGD2,500 each, and C gets SGD3,000.

Source: Monetary Authority of Singapore.

3. Corporate Bonds and Notes Offering Methods

Bonds and notes issued in Singapore by statutory bodies and GLCs, as well as corporate debt securities can be issued via public offer, an offer specific to Accredited and Institutional Investors, a private placement or continuous placement. Public offers of corporate debt securities are subject to the issuer lodging and registering a prospectus with MAS while offers to Accredited and Institutional Investors and private placements are negotiated between issuer, intermediaries, and investors. Continuous placements could be carried out using either of these methods. The regulatory framework and its relevant processes for these offering methods are described in Chapter II.

a. Public Offer

A public offer is the selling of securities to the broad market rather than to a select or limited group of investors. Under the SFA, any offer of securities requires a prospectus that is lodged with and registered by MAS unless an

exemption applies. An offer of securities is defined in the SFA, Section 239(6), as an offer to any person in Singapore which upon acceptance would give rise to a contract for the issue or sale of securities or an invitation to any person in Singapore to make an offer which upon acceptance would give rise to a contract for the issue or sale of securities.

Applicable exemptions from the prospectus requirement include an offer made to Institutional Investors (SFA Section 274) and Accredited Investors (Section 275) and a private placement to no more than 50 persons within any period of 12 months (Section 272B). These are explained further in the next sections.

While the term “public offer” itself no longer appears in the SFA and related regulations (it was removed in 2005), it continues to be widely used in the Singapore bond market, including in current prospectuses and retail i-bond-issuance-related documentation.⁴⁰ As such, and in order to provide an established point of reference in comparison to other bond markets, the term public offer shall be used in context in the Singapore Bond Market Guide.

Public offers are typically priced either through auction or a book-building exercise (see below).

Issuers of bonds that are offered to retail investors would normally seek a listing of these bonds on SGX, and the bonds are normally issued in small denominations. Notices of bond offerings by statutory boards, domestic, and foreign issuers are generally published in the newspapers or on the issuer’s website. They outline issuance details such as auction date(s), size, and type of issue.

Bids are submitted through managing banks and the results—specifying the amount applied for, coupon rate, average yield, and percentage allotted—are also publicly announced.

b. Offer to Accredited and Institutional Investors

As referred to above, Sections 275 and 274 represent exemptions from the prospectus requirement, as long as the bond or note is only offered to Accredited and Institutional Investors (professional investors), respectively. This regardless of the number of professional investors such bond or note is offered to.

Terms and pricing for offers to Accredited and Institutional Investors are negotiated between issuer and investors, possibly with the help of an arranger or underwriter(s). No advertising will occur, and issuance documentation and disclosure requirements tend to follow international bond market practices.

Due to the nature of the institutional business in the Singapore bond market (including large trade sizes), offers to Accredited and Institutional Investors are often made in the form of a private placement (see section c); that is, to a small group of professional investors. It is, hence, common for offers to Accredited and

⁴⁰ Current bond prospectuses may be viewed on the OPERA portal at <https://opera.mas.gov.sg/ExtPortal/>; or on the SGX website at <http://www.sgx.com>

Institutional Investors to be referred to as private placements, even if the number of professional investors may exceed 50.

c. Private Placement

Section 272B of the SFA sets out the private placement exemption from the prospectus requirements which would apply to a public offer of debt securities (see section a). A private placement is an offer of securities to not more than 50 investors within a 12-month period, subject to certain other conditions set out in Section 272B of the SFA.

Private bond or note placements do not require a prospectus and may not be listed on a stock exchange; however, an issuer who offers the bonds or notes through a private placement can still seek a listing for profiling on the SGX Wholesale Bonds Market. Issuance documentation, typically an Information Memorandum, are negotiated between the issuer and investors, and no advertisements and public announcements are made.

The majority of corporate debt securities in Singapore are issued via private placement and private placements are typically aimed at Accredited or Institutional Investors such as banks, insurance companies, unit trusts, and pension or provident funds. In bond or note issuance documentation in the Singapore market, private placements are often referred to simply as “placements,” in contrast to the use of the term “public offer” (also see section a).

Many Singapore dollar corporate bonds or notes are also placed at the issuer’s or investors’ (reverse enquiry) initiative (also see section d).

A bond or note offered through a private placement is negotiated and traded in the OTC market (for details, please see section I in this chapter, or refer to Chapter IV), but still settled in CDP.

d. Continuous Placement

MTN programs and reverse inquiries are quite common in the Singapore debt market. MTNs can be offered continuously through agents or dealers on a best effort rather than on an underwritten basis, allowing issuers to meet investors’ demand as it emerges.

e. Book Building

Book building is a method used to achieve suitable price discovery and a realistic picture of the demand of investors (the book) for a particular bond or note. It is used only for corporate bonds, since the possible investor universe is not limited to Primary Dealers and their account holders only. Usually, the issuer appoints a major commercial or merchant bank to act as a book runner.

The book runner collects bids from investors, both institutional and retail, over a limited subscription period, at various prices. The actual issue price is determined once the book has closed, based on specific criteria set out in the offer documentation.

Auctions function similarly to the SGS practices explained, but are not conducted using the SGS eApps system. Book building is done by the (lead) arranger or underwriter to determine the investor interest and collect orders.

F. Governing Law and Jurisdiction (Bond and Note Issuance)

The governing law and jurisdiction for a bond or note issuance may be of significance since potential issuers may consider issuing under the laws or jurisdiction of a country or market other than the place of issuance. The choice of governing law or contractual preferences of stakeholders may affect the accessibility to a specific investor universe that may otherwise not be accessible if a bond or note was issued under the laws of the place of issuance.

In Singapore, it is generally accepted that contracting parties can determine the jurisdiction of the governing law, which is not restricted to Singapore law. Also in the case of a profile listing on the SGX Wholesale Bonds Market, the governing law and jurisdiction for the bond or note issuance is left to the parties involved in the bond or note issuance.

In the case of issuance of SGD-denominated bonds or notes in Singapore, even in case contract parties choose a governing law other than Singapore law for the contract, it is expected that Singapore law would prevail as the law specific to issuance- and settlement-related matters.

Should the parties involved in a bond or note issuance choose to use Singapore law, the jurisdiction of the issuance would fall to Singapore courts by default. If, in contrast, parties involved in the issuance agree on another governing law, the parties would also have to specifically determine the jurisdiction of a court in which provisions of the bond, note, or *sukuk* issuance could be enforced and any disputes would be heard and decided.

In any case, the actual use of governing laws or jurisdictions other than those of Singapore may be subject to clarification or legal advice from a qualified law firm, as may be necessary.

G. Language of Documentation and Disclosure Items

English is one of the four official languages of Singapore (in addition to Chinese, Malay, and Tamil). All contracts, bond, or note issuance documentation and disclosure items, as well as applications, approvals, and correspondence with regulatory authorities and market institutions, if so required, must be in English.

H. Registration of Debt Securities

There is no concept of registration of debt securities issued in Singapore. The typical functions associated with a registration concept, such as provision of bond information, continuous disclosure, and the determination of a fair market price, are carried out by specific institutions that are mandated for such functions, including MAS, SGX, and information vendors. Their roles and the corresponding functions are explained elsewhere in this bond market guide.

I. Listing of Debt Securities

A listing of debt securities is possible in Singapore, on SGX, for the purpose of trading (similar to equities) or for the purpose of listing for profiling (e.g., to achieve visibility, fulfill investor requirements, or to reach out to a different or larger investor universe).

The listing of a bond or note is not mandated by law or prescribed by MAS, either for domestic or foreign issuers, including in the event of a public offer. There is no listing requirement for SGS since they are issued by the government.

Singapore operates a predominantly disclosure-based regime for capital markets. SGX rules augment the disclosure-based regime with high baseline admission standards and continuing requirements for issuers. A cornerstone of the regime is to require listed issuers to make timely disclosure of all material information to the marketplace.

SGX reviews listing applications to ensure that issuers meet the minimum requirement prescribed. In reviewing listing applications, SGX relies on due diligence carried out by issue managers and their representations to determine the applicants' suitability to list.

SGX monitors issuers for compliance with its Listing Rules. Where there are possible breaches, SGX will investigate and take appropriate action, taking into account the issuer's compliance record and severity of the breach.

1. Listed Debt Securities

Listed debt securities in Singapore are debt instruments listed on SGX. On the SGX website and in its literature, debt instruments are also referred to as "fixed income securities."

For a listing, companies must meet SGX's listing requirements outlined in the SGX-ST Listing Manual (Listing Rules) contained in the SGX Rulebooks.⁴¹ Prospective issuers must fulfill the stated requirements before they are eligible to issue bonds or notes. Please see Figure 3.3 for an overview of the applicable Listing Rules.

Additional listing requirements for retail fixed income securities ("retail bonds" in market terminology) are set out in the SGX Rulebooks, offering memorandums, and introductory documents.

The general fixed-income listing process on SGX can be best illustrated described as follows:

- (i) A listing application, comprising the final form of the prospectus, offering memorandum, or introductory document prepared in compliance with Rules 312 to 313 and supporting documents set out in Rule 314, is to be submitted to the Listings Function of SGX, which will process and respond within 1 business day for wholesale debt securities applications and 10 business days for retail debt securities applications.
- (ii) Upon satisfaction of the listing requirements set out in the application, SGX will issue an eligibility-to-list letter for listing, with applicable conditions. More information on listing requirements can be obtained from the SGX Listing Rules.

⁴¹ See <http://rulebook.sgx.com/>

Figure 3.3: Overview of Singapore Exchange Listing Rules for Debt Securities

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Chapter 3 Debt Securities

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Source: Singapore Exchange Ltd. SGX Rulebooks. http://rulebook.sgx.com/en/display/display_main.html?bid=3271&element_id=4949

- (iii) The issuer will lodge and register the prospectus, offering memorandum, or introductory document with MAS and other relevant authorities, if applicable, and will submit a copy to SGX.
- (iv) Should the prospectus, offering memorandum, or introductory document be materially different from that on which the eligibility-to-list letter was issued, the issuer must submit a written confirmation to SGX to this effect.
- (v) SGX will inform the issuer of any further information that is required to be disclosed prior to listing. The issuer may include this information in its prospectus, offering memorandum, or introductory document, or to make a prequotation disclosure through an announcement to SGX. The prequotation disclosure must be made no later than the market day before commencement of trading.
- (vi) The issuer's debt security will be listed and quoted on SGX after the conditions expressed in the eligibility-to-list letter are satisfied.

After listing, companies have to comply with all of SGX's continuing listing obligations, set out in Part VI of Chapter 7 of the SGX Listing Manual. In the case of a listing of debt securities already issued, companies already listed on SGX, or another exchange of

equivalent rules as SGX, are able to seek such listing on SGX without having to duplicate SGX’s continuing listing obligations (please also see Chapter II.G).

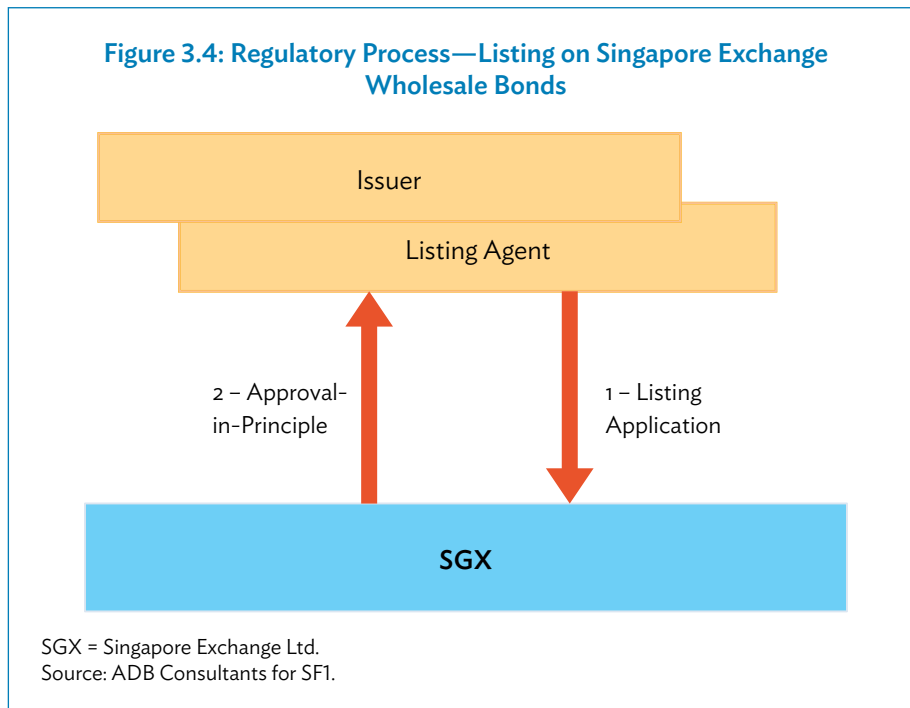
The listing of fixed income securities on SGX is subject to applicable fees, depending on the listing type and other conditions. SGX publishes a listing fee schedule on its website.⁴²

2. Profile Listing (Wholesale Bonds)

Bonds and notes issued in Singapore and in other jurisdictions may be listed on the SGX Wholesale Bonds Market, subject to approval by SGX, which is specifically targeted at Accredited or Institutional Investors as defined under the SFA. Trading of these debt securities takes place in the OTC market.

There is no distinction between the listing process for SGD- or foreign-currency-denominated bonds and notes. At present, the SGX Wholesale Bonds Market already features listings in more than 20 currencies, including those from ASEAN+3 markets.

The listing process for the SGX Wholesale Bonds Market is streamlined and very straightforward, as shown in Figure 3.4 below and explained in individual steps.



Step 1 – Submit Application for Listing to the Singapore Exchange Ltd.

Any issuer (or listing agent) intending to list on SGX will need to submit a Listing Application, accompanied by the required documentation and disclosure items for the

⁴² Please refer to http://www.sgx.com/wps/portal/sgxweb/home/listings/getting_started/listing_boards

type of listing selected. Issuers or their listing agents must apply for the listing online via the SGX e-Submission website.⁴³

In the case of a planned listing targeted at Institutional Investors, the issuer (or listing agent) needs to select the Wholesale Bonds segment option when applying. As a result, the SGX Wholesale Bonds Market-specific documentation and disclosure requirements, which differ significantly from the requirements for retail bond offers on SGX, will need to be observed when submitting the application.

An issuer of debt securities is required to satisfy one of the following requirements:

- (i) The issuer must be
 - (a) a supranational body; or a government, or a government agency whose obligations are guaranteed by a government; or
 - (b) an entity whose equity securities are listed on SGX; or
 - (c) a corporation which meets the following requirements:
 - (1) Rule 210(2), (3), (4) and (5) for the listing of equity securities (please refer to Chapter 2 of Listing Rules); or
 - (2) a cumulative consolidated pre-tax profit of at least SGD50 million for the last 3 years, or a minimum pre-tax profit of SGD20 million for any one of the 3 years; and consolidated net tangible assets of at least SGD50 million; or
 - (3) a corporation whose obligations under the issue of the debt securities is guaranteed by any of the above (1) a), b), c), d).
- (ii) The issue of debt securities must be at least 80% subscribed by sophisticated Investors or Institutional investors.
- (iii) The issue of debt securities must have a credit rating of investment grade and above.

It should be noted that most issuers do not opt to use credit ratings as eligibility criteria for a listing on the SGX Wholesale Bonds Market. Instead, issuers tend to choose the offer to sophisticated and Institutional Investor criteria.

As for the key documentation and disclosure items, SGX typically accepts an Information Memorandum of a bond or note, together with additional documents, as may be necessary. The actual document(s) used are driven by the parties involved and may be decided by current market practice.

Step 2 – Singapore Exchange Ltd. Checks Application for Listing and Issues Approval-in-Principle

SGX will check the application for listing, following the online submission of the relevant information in documentation and disclosure items. SGX may, at its discretion, request from the issuer or listing agent supplementary information, if so required.

SGX commits to review the listing application and, if all components are in order, to issue an Approval-in-Principle for listing within 1 business day. The approval is communicated via an e-mail alert feature.

The listing of debt securities in the SGX Wholesale Bonds Market typically attracts fees of SGD25,000—comprising a processing fee (SGD10,000) and listing fee

⁴³ See <https://esub.sg.com>

(SGD15,000)—for every successful stand-alone application. The complete fee schedule of SGX is available on its website.⁴⁴

Step 3 – Actual (Effective) Listing

The regulatory process for a profile listing is completed with the actual listing on the SGX Wholesale Bonds Market. The issuer may list within 3 months from the issuance of the Approval-in-Principle, subject to the issuer satisfying the conditions set out in the Approval-in-Principle.

The issuer or listing agent may stipulate the preferred actual listing date in their listing application. Since the operational process for a listing on the SGX Wholesale Bonds Market requires 3 days' lead time, the issuer or listing agent will need to submit the required debt security creation form to SGX at least 3 working days prior to their preferred date once the Approval-in-Principle has been issued.

If these process steps have been observed, the listing is effective on the stipulated date.

3. Other Listing Places

In principle, bonds or notes issued in the Singapore market may also be listed on a listing place outside Singapore. Some issuers may take the step of obtaining a profile listing, or additional profile listing, of their bonds or notes in regional markets in ASEAN+3 or internationally, with the intention to access different or larger investor universes in this manner.

The process of such listing is beyond the purview of MAS, or SGX, and would be subject to separate, applicable approvals and listing rules and regulations at the listing place.

J. Methods of Trading Bonds and Notes (Secondary Market)

Investors into the Singapore bond market may choose from a number of bond or note trading methods. Investor type and focus, participants and choice of instruments distinguish these trading methods. The individual methods are briefly described below and are further detailed in the applicable sections of Chapter IV.

SGS Primary Dealers also participate in the secondary bond market, including the trading of corporate bonds quoted and traded on SGX through their respective group entities with an SGX trading seat, as may be applicable.

1. Over-the-Counter Market

The OTC market is the main trading venue for bonds and notes issued or offered for sale in Singapore, for both domestic and international issuances. Most bonds or notes issued in Singapore are traded OTC. This includes publicly offered debt securities.

Trades in the OTC market are executed between dealers, or between dealers and large Institutional Investors, in large denominations (e.g., SGD10 million bid size), with the buyer

⁴⁴ See <http://www.sgx.com>

and seller negotiating either via trading systems, directly over the telephone or through a money broker.

2. Singapore Exchange Ltd. Bond Pro

This new platform was initiated by SGX Bond Trading (SGX-BT), a unit of SGX, in December 2015 and, in effect, represents an extension of the OTC market. SGX Bond Pro offers OTC market participants the ability to execute trades in debt securities denominated in G3 currencies (euro, Japanese yen, US dollar) in an organized marketplace, with bids, quotes, and trading activities viewable and accessible by registered institutions and investors. The debt securities may or may not be listed on SGX, and ASEAN currency bonds and notes may be added at a later stage.

3. Bonds and Notes Listed and Traded on the Singapore Exchange Ltd.

The trading of debt securities is also available on SGX for SGS and retail debt securities (including preference shares). Trading is done in small denominations geared toward retail investors, and facilitated by members of the exchange, being brokers only, who are governed by the SGX Trading Rules. Access to trading is provided by these brokers to their account holders and trading activities on SGX may be followed through the respective broker's own system, in person at SGX, or via information vendors.

K. Bond and Note Pricing

At present, there is no resident bond pricing agency in Singapore. In consequence, the pricing of OTC-traded debt securities was traditionally determined through price-finding mechanisms in the OTC market.

However, in 2012, Bloomberg and Markit introduced a bond pricing service to enhance price discovery and transparency in the SGD-denominated bond market. The service covers the broad universe of SGD-denominated bonds and provides market participants with a source of end-of-day mark-to-market prices for valuation and risk management purposes. These prices are submitted by active market makers in the SGD-denominated corporate bond market on a daily basis.

To increase investor awareness of SGX-listed bonds, SGX launched the Evaluated Bond Price service in August 2015. Through this web page (Figure 3.5), investors have ready access to the evaluated prices of listed bonds and notes, which represent independent reference prices to help guide the value of the debt securities. In addition, the web page provides investors with dashboard access to bond reference data.

At the same time, SGX initiated the SGX Bond Pro trading platform in December 2015, which is expected to generate trade data from transactions conducted on the platform.

Quotes and traded prices for SGS may be obtained from the Bloomberg E-Bond system specifically developed for MAS and its Primary Dealer participants. Access is limited to professional Bloomberg users only (more details are available in Chapter IV).

Figure 3.5: Singapore Exchange Web Page for Evaluated Bond Price Service

The Evaluated Bond Price (EBP) webpage provides an independent evaluation of SGX-listed debt securities. In the secondary market where bonds are mostly traded over the counter, there is a lack of public price information. Using available market data and modeling techniques, the evaluated prices could provide a reference point for and help guide the value assessment of the securities. With intuitive search functionalities, the webpage also provides a convenient stop for easy access to reference data on SGX-listed debt securities.

The evaluated bond prices and reference data of SGX-listed debt securities on the EBP webpage are provided by Interactive Data. Please click [here](#) for Interactive Data's Terms of Use before accessing data provided on the EBP webpage.

Quick Links

- Listing Information
- List of Wholesale Debt Securities
- e-Submission Login
- Prices of Retail Debt Securities
- SGXNET Login
- Prospectus/Information Memorandum
- EBP Glossary
- Company Announcements

Show 10 entries

Issuer	ISIN Code	Country	Industry	Currency	Current Coupon/ Distribution Rate (%)	Amount Issued (in \$ M)	Maturity Date	Evaluated Bid Yield/ Price
21Vianet Group Inc	HK0000143658	CYM	NEW SITUATION	CNY	7.875	1,000	2016-03-22	- / 100
21Vianet Group Inc	HK0000204716	CYM	NEW SITUATION	CNY	6.875	2,000	2017-06-26	8.659 / 97.933
3I Infotech Ltd	XS0769181982	IND	NEW SITUATION	USD	5	130	2017-04-26	- / -
AACI REIT MTN Pte Ltd	SG6W07984308	SGP	FINANCE (NON BANKING)	SGD	4.9	100	2016-08-08	3.35 / 103.308

Source: Singapore Exchange Ltd. <http://www.sgx.com>

L. Transfers of Interests in Bonds and Notes

1. General Rule

The Singapore securities market is immobilized. The issuance of physical certificates is principally possible, since so described in the Companies Act. In practice, however, SGS and corporate debt securities are typically held and transferred in scripless form, both in MEPS+ and CDP, as the respective depositories.

The settlement and transfers of debt securities is done electronically in MEPS+ and CDP. Settlement and transfer instructions are processed trade-by-trade on a DVP basis but may also be done free of payment in CDP for specific transaction types, including repo and securities lending, and under other prescribed conditions (see Chapter VI for details).

2. Actual Registration and Transfer Process

MAS is the depository and also acts as the registrar for SGS, which are held and transferred within the MAS Enhanced Electronic Payment System (MEPS+), which also processes the resulting cash payments for SGS settlements on a DVP basis. SGS received from a settled purchase can be redelivered on settlement date.

CDP, a subsidiary of SGX, is the central securities depository for listed bonds traded on SGX as well as unlisted corporate bonds, including for debt securities issued via private placement. CDP also functions as a subdepository and settlement agent in MEPS+ for SGS held by individual investors.

Securities are held on behalf of investors by intermediaries who are participants in either MEPS+ or CDP, and are registered under the name (MEPS+) or the nominee name (CDP) of the participants, respectively. In CDP, securities may also be registered in subaccounts in a combination of nominee name and investor name, if so required. Otherwise, participants maintain omnibus accounts and a transfer of debt securities between clients of the participants will only occur in the participants' books, not in MEPS+ or CDP. The transfer and registration of debt securities within both MEPS+ and CDP happens upon final settlement through the deposit in the buyer's account.

3. Participants' Point of View

Participants in MEPS+ are Primary Dealers and other financial institutions that hold SGS and MAS bills in their proprietary account or a segregated omnibus account on behalf of all their investor clients. SGS are transferred as a result of MAS market activities with these participants or upon instructions from them. Transfers of SGS as a result of transactions between investor clients of participants will only be reflected in the MEPS+ accounts, if they affect the net balance of a participant's SGS holdings.

Commercial banks and brokers acting as custodians on behalf of their investor clients participate in CDP as Depository Agents, and maintain accounts under their nominee names, including subaccounts for specific clients, if so requested. Depository Agents typically recognize only the owner of the securities as reflected in their own books. For the transfer of debt securities, custodian banks only act upon instructions from their clients, as registered in their books.

M. Market Participants

1. Issuers

Due to the international nature of the Singapore bond market, an increasing number of diverse issuers are observed in the market.

a. Government

The government and MAS are the main issuers of public debt. Issuances cover both conventional debt securities and *sukuk* and are mostly denominated in Singapore dollars.

b. Corporate

Financial institutions, nonbank financial institutions, and listed and unlisted corporations issue straight bonds and notes as well as asset-backed securities, commercial paper, and MTN programs, plus *sukuk*, in both Singapore dollars and foreign currencies. Government-linked corporations or statutory boards are also considered under corporate bond issuers. A large number of foreign issuers have issued bonds and notes in Singapore.

Please also refer to Chapter III.B.2 for details on Singapore domestic issuers.

c. Multilateral Development Banks

Multilateral development banks such as ADB issue debt securities in Singapore, to finance long-term loans and very long-term development projects in their areas of coverage. These issuances are typically aimed at the international market.

2. Investors

Originally, Institutional Investors were the only investors in the domestic bond market, prior to the quoting and trading of SGS and retail bonds on SGX. Since then, individual investors have also been able to participate in the Singapore bond market.

In Singapore, investors are typically distinguished by the official terms Institutional Investors, Accredited Investors, as well as “retail investors.” The term “wholesale investors” is not common; instead wholesale is used to describe professional bond or note issuances (see also Chapter II). Accredited or Institutional Investors are the official legal definitions of professional investors in Singapore and include high-net-worth investors based on specific eligibility criteria. A detailed definition is given in section N.

SGS are bought mostly by financial institutions to manage their capital reserve requirements, and by statutory boards who manage their own reserves. Long-term investors, such as insurance companies and pension funds, buy and often hold SGS to maturity. The key investors for MAS bills are banks and other financial institutions, for the use in money market activities with MAS or the interbank market.

The significant investors in the Singapore bond market are seen as the following:

a. Primary Dealers

As a result of their status, Primary Dealers are the most significant underwriters of SGS. In turn, Primary Dealers trade SGS among each other or with Secondary Dealers and their clients. Since market-making in SGS is a key function under the Primary Dealer system, Primary Dealers tend to hold substantial amounts

of SGS at any time. SGS Primary Dealers generally also maintain an inventory of corporate bonds and are prepared to make markets to investors.

b. Secondary Dealers

Secondary Dealers are financial institutions able to engage in dealing in securities who may invest in SGS and corporate bonds for their own capital requirements or to support client business, respectively.

c. Pension Funds

The most prominent among pension fund investors in the Singapore market is the Central Provident Fund Board. Under its rules, pension account holders may also invest by themselves a prescribed portion of their pension monies in a number of asset classes, including debt securities. The quoting and trading of SGS and retail bonds on SGX is primarily geared toward Central Provident Fund Board investors.

d. Insurance Companies

Due to their nature as prudential, long-term investors, insurance companies represent a typical and significant investor type in debt securities.

e. Asset Managers and Investment Managers

Many asset managers or investment managers offer dedicated funds or unit trusts that invest in debt securities. Singapore is an Asian and global asset management hub, with a large number of domestic and foreign institutions offering these products. This may include sovereign global and regional wealth funds.

f. Retail Investors

Retail investors represent a smaller proportion of investment in debt securities. They have been able to access the SGS primary market since 2009, and the secondary market for SGS and retail bonds quoted and traded on SGX since 2011. Bonds aimed at the retail market had been issued prior to 2011.

Retail investors may also participate in the SGS and corporate bond market by investing in unit trusts with a focus on debt securities, for example.

3. Parties Involved in Debt Securities Issuance

A number of intermediaries provide services to issuers and investors in the context of issuance of debt securities in Singapore, and these types of intermediaries and their specific functions are briefly described below.

a. Primary Dealers

SGS Primary Dealers play a critical role in the growth and development of the bond market by carrying out the following functions:

- (i) provide liquidity to the SGS market by quoting two-way prices under all market conditions,
- (ii) underwrite issuance at SGS auctions,
- (iii) provide market feedback to MAS, and
- (iv) assist in the development of the SGS market.

In return, they are given the following privileges:

- (i) exclusive dealing with MAS in money market and foreign exchange operations,
- (ii) exclusive access to the MAS Enhanced Repo Facility to borrow SGS issues to facilitate market-making,
- (iii) exclusive right to submit applications for SGS at auctions and reverse auctions,
- (iv) higher noncompetitive tender limit and overall allocation limit at SGS auctions,
- (v) tax exemption on trading income derived from SGS, and
- (vi) close consultation and dialogue with MAS on SGS auctions and market-related issues.

At present, there are 13 Primary Dealers participating in MAS auctions and money market operations. Other information related to the Primary Dealer system and their contributions to the SGS market can be found on the SGS website.⁴⁵

b. Secondary Dealers

Secondary Dealers are approved financial institutions, typically banks, merchant banks, and brokers that are in the business of buying SGS from, or selling SGS to, clients whether as principal or agent. Secondary Dealers also collect orders from their clients for new SGS, which will be submitted to MAS via the Primary Dealers.

Secondary Dealers can be holders of a CMS licence, or financial institutions which are exempt dealers under the Banking Act.

c. Arrangers and Lead Arranger

The appointment of a (lead) arranger is not mandatory in Singapore regulations, including for foreign issuers aiming to offer debt instruments issued in other markets to Accredited or Institutional Investors in Singapore. At the same time, using a (lead) arranger may be practical, in particular if the issuers intend to distribute the debt securities to a larger audience, e.g., via a number of underwriters. Only institutions that hold a CMS licence or exempt dealers (including financial institutions that are able to conduct activities in debt securities as part of their banking license) may act as arranger.

The (lead) arranger will structure the debt securities proposal, together with any other arrangers or underwriters, and assist the issuer in compiling issuance documentation and lodging a prospectus with MAS (if so required).

⁴⁵ See <http://www.sgs.gov.sg/The-SGS-Market/Key-Participants.aspx>

MAS does not maintain a list of approved arrangers on its website.

d. Underwriter(s)

Investment or merchant banks and commercial banks are the main underwriters of debt securities in the Singapore market. An underwriter is appointed by the issuer or the (lead) arranger. The (lead) arranger of an issue, besides inviting licensed financial institutions to subscribe to or underwrite the issue, can themselves be an underwriter.

An underwriter must hold a CMS licence or be a financial institution able to conduct activities in debt securities as part of their banking license (exempt dealers).

The appointment of an underwriter is not mandatory under Singapore law, including for a public offer of debt securities. MAS does not maintain a list of approved underwriters on its website.

e. Paying Agent

A foreign issuer may need to appoint a paying agent for the issuance of debt securities, in particular in the case of retail bonds. This is also a requirement of SGX for the listing of such bonds.

The paying agent is responsible for the cash flow involved in a bond or note transaction, specifically in receiving the proceeds from the issuance on behalf of the issuer and remitting the proceeds to the issuer, as well as the payment of interest and redemption amounts to investors. The function includes the withholding of taxes and duties, as may be applicable. Often, the (lead) arranger may also perform the paying agent role.

MAS is the paying agent for SGS and its own MAS bills. The paying agent role for corporate bonds and notes is typically performed by a commercial bank.

f. Bond Trustee

A bond trustee is required to represent the holders of an issuer's debt securities offered to retail investors and listed on SGX. However, a trustee is not required for a debt issue that is offered only to Accredited and Institutional Investors and is traded in a minimum board lot size of SGD200,000 or its equivalent in foreign currencies following a listing.

For further information on the role and functions of the bond trustee, please refer to section R in this chapter.

g. Depository Agents and Intermediaries

To subscribe to or trade in debt securities, an investor must open an account with a Depository Agent at CDP (for corporate bonds or notes) or a financial institution that maintains a direct account with MAS or a Primary Dealer (for SGS and MAS bills). Depository Agents and SGS market participants are licensed financial institutions (exempt dealers under the Banking Act) or brokers that are

participants of CDP and hold and settle corporate debt securities and selected SGS on behalf of their investor clients.

Depository Agents, as custodians, distribute payments of interest, and redemption proceeds received from the respective paying agents via CDP and MEPS+. Custodians may also offer a range of value-added products and services in relation to the bond market, such as securities lending or repo business.

h. Legal Adviser (Legal Counsel)

Before the finalization of debt securities issues, a legal due diligence exercise is always conducted on the issuer, related projects, and project information pertaining to the debt securities issue. This is done individually by legal counsel appointed by the issuer and, likely, by legal counsel assisting the underwriters and lead arranger.

Law firms involved in the bond or note issuance process in Singapore are not required to obtain a specific license or accreditation with MAS. There is no positive or negative list of law firms maintained or published by MAS.

i. Accounting Firms

Accounting firms involved in the bond or note issuance process in Singapore are not required to obtain a specific license or accreditation with MAS but instead are governed by their professional bodies. There is no positive or negative list of accounting firms maintained or published by MAS.

N. Definition of Professional Investors

Professional investors in Singapore are interpreted as nonretail investors, and refer to Accredited Investors and Institutional Investors as defined in Section 4A of the SFA. In addition, Sections 274 and 275 of the SFA provide the exemption from the prospectus requirement for offers to Institutional Investors and Accredited Investors, respectively.

The definitions of Accredited Investors and Institutional Investors and their application with regard to the bond market fall under the regulatory purview of MAS.

Accredited Investors in the SFA is a collective term and defined as follows:

- (i) An individual
 - (a) whose net personal assets exceed in value SGD2 million (or its equivalent in a foreign currency) or such other amount as [MAS] may prescribe in place of the first amount; or
 - (b) whose income in the preceding 12 months is not less than SGD300,000 (or its equivalent in a foreign currency) or such other amount as [MAS] may prescribe in place of the first amount;
- (ii) A corporation with net assets exceeding SGD10 million in value (or its equivalent in a foreign currency) or such other amount as [MAS] 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 [MAS] may prescribe, when acting in that capacity; or
- (iv) such other person as [MAS] may prescribe.⁴⁶

The Institutional Investors definition contains a detailed list of which institutions are considered professional (see below).

In SFA Section 4A, the definition of Institutional Investors reads as follows:

- (i) a bank that is licensed under the Banking Act (Cap. 19);
- (ii) a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
- (iii) a finance company that is licensed under the Finance Companies Act (Cap. 108);
- (iv) a company or co-operative society that is licensed under the Insurance Act (Cap. 142) to carry on insurance business in Singapore;
- (v) a company licensed under the Trust Companies Act 2005 (Act 11 of 2005);
- (vi) the Government;
- (vii) a statutory body established under any Act;
- (viii) 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;
 - (d) real estate investment trust management;
 - (e) securities financing; or
 - (f) trading in futures contracts;
- (x) a person (other than an individual) who carries on the business of dealing in bonds with Institutional Investors or expert investors;

⁴⁶ MAS has prescribed the following persons as accredited investors for the purposes of the SFA: (i) the trustee of a trust of which all property and rights of any kind whatsoever held on trust for the beneficiaries of the trust exceed SGD10 million in value (or its equivalent in a foreign currency); (ii) an entity (other than a corporation) with net assets exceeding SGD10 million in value (or its equivalent in a foreign currency); (iii) 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; or (iv) 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.

- (xi) the trustee of such trust as [MAS] may prescribe, when acting in that capacity; or
- (xii) such other person as [MAS] may prescribe.⁴⁷

The detailed definition of Institutional Investors corresponds most closely with the typical scope of professional investors found in other markets and used in the definition of professional bond or note issuance concepts, such as the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF, see also Chapters IX and X).

There is no distinction in the SFA or bond market relevant regulations between domestic and foreign investors. The definitions of Accredited Investors and Institutional Investors also apply to foreign Institutional Investors fulfilling one of the conditions set out.

O. Credit Rating Requirements

This section covers the applicable credit rating requirements for bonds and notes issued in the Singapore bond market. Chapter II.O covers the underlying regulations for credit rating agencies based in Singapore.

1. Credit Rating Requirements for Public Offers

As a foreign debt securities listing requirement of SGX, a credit rating of investment grade and above is one of the possible criteria for listing, but is not mandatory.⁴⁸ The same requirement applies for the listing of local debt securities, with the additional requirement that for the issuer qualifying under the listing requirements, any issue of debt securities must have a principal amount of at least SGD750,000.

The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations, 2005 (G.N. No. S 611/2005), prescribe that where the issuer or the bonds being offered have been given a credit rating by a credit rating agency, the following should be disclosed in the prospectus:

- (i) name of the credit rating agency;
- (ii) credit rating, including whether it is a short-term or long-term credit rating;
- (iii) whether or not the relevant entity, its guarantor entity, or any of their related parties had paid any fee or benefit of any kind to the credit rating agency in consideration for the credit rating; and
- (iv) date on which the credit rating was given.

⁴⁷ MAS has prescribed the following persons as Institutional Investors for the purposes of the SFA: (i) a designated market-maker; (ii) a headquarters company or Finance and Treasury Centre which carries on a class of business involving fund management, where such business has been approved as a qualifying service in relation to that headquarters company or Finance and Treasury Centre under section 43E (2) (a) or 43G (2) (a) of the Income Tax Act (Cap. 134), as the case may be; (iii) a person resident in Singapore who undertakes fund management activity in Singapore on behalf of not more than 30 qualified investors; and (iv) a Service Company which carries on business as an agent of a member of Lloyd's. Where: "agent", in relation to a member of Lloyd's, "Lloyd's", "member of Lloyd's" and "Service Company" have the same meanings as in regulation 2 of the Insurance (Lloyd's Asia Scheme) Regulations (Cap. 142, Rg. 9); "designated market-maker", "Finance and Treasury Centre" and "headquarters company" have the same meanings as in paragraph 1 of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10); "qualified investor" has the same meaning as in paragraph 5 (3) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.

⁴⁸ Please also see Chapter III.E for an explanation of what constitutes public offers in Singapore.

2. Credit Rating for Issuances to Institutional Investors

Bonds or notes issued to Accredited or Institutional Investors in the Singapore domestic bond market do not require a credit rating.

At the same time, credit rating is one of three possible criteria for eligibility to list a bond or note aimed at Accredited or Institutional Investors on the Wholesale Bonds market at SGX. Most issuers actually do not choose to use the credit rating criterion when considering listing on SGX.

The majority of bonds and notes issued in the Singapore domestic bond market, typically denominated in Singapore dollars, are unrated.

P. Financial Guarantee Institution

At present, Singapore does not feature a credit guarantee institution. At the same time, Singapore issuers, or foreign issuers intending to issue debt securities in Singapore, can avail themselves of the services of the Credit Guarantee and Investment Facility (CGIF).⁴⁹

CGIF is a key component of the Asian Bond Markets Initiative (ABMI) of ASEAN+3. It has been established to promote economic development, stability, and resilience of financial markets in the region. The main function of CGIF is to provide credit guarantees for local-currency-denominated bonds issued by investment grade companies in ASEAN+3 countries. The guarantees issued by CGIF are irrevocable and unconditional commitments to pay bondholders upon nonpayment by the issuers throughout the tenor of the bonds. This commitment is backed by CGIF's equity capital which has been fully paid in by all of its contributors.

CGIF issued a landmark guarantee in the Singapore dollar bond market. On 21 August 2014, CGIF broke new ground in the Singapore dollar bond market with a milestone transaction by guaranteeing Kolao Holdings' SGD60 million bond issuance. Kolao is the listed parent of KOLAO Developing Co., Ltd, one of the largest private conglomerates in the Lao People's Democratic Republic and a leading automobile and motorcycle distributor in the country. Using CGIF's financial strength and high international ratings, Kolao has been able to reach key institution investors in Singapore and raise attractively priced debt capital.⁵⁰

Q. Market Features for Investor Protection

This section reviews market features for the protection of investors in the Singapore bond market, particularly for retail or nonprofessional investors, through a number of specific topics.

⁴⁹ See <http://www.cgif-abmi.org>

⁵⁰ For further details, please refer to the CGIF press release at https://support.cgif-abmi.org/wp-content/uploads/2016/06/Press_Release_CGIF_Closing-Announcement_Kolao_20140821_EN.pdf

1. Securities and Futures Act

The SFA, as amended from time to time, contains a number of provisions for the specific protection of investor interests in Singapore. As integrated legislation for the Singapore capital market, the SFA also prescribes strong standards for corporate governance of listed companies and market transparency. Parts of the SFA with particular relevance for the bond market include the following:

- (i) Part IV (Holders of Capital Markets Services Licence and Representatives) governs the licensing of market participants, to ensure that only qualified institutions and individuals participate as intermediaries in bond market activities.
- (ii) Part VI (Investor Compensation Scheme) sets out provisions for the creation and maintenance of a Fidelity Fund for an exchange, including a minimal capital of SGD20 million and the ability to raise a levy from members.
- (iii) Part XII (Market Conduct) covers events such as false trading, market manipulation, false or misleading statements and fraudulent activities, and the prescribed liabilities and applicable penalties.
- (iv) Part XIII (Offers of Investments) stipulates the power and duties of debenture trustees, and regulates issuance documentation and disclosure for offers of debentures to the public, including prospectus requirements and permitted exemptions, and also specific liabilities and penalties for false or misleading statements in the context of disclosure.
- (v) Part XV (Miscellaneous) spells out the general duties of market participants not to furnish false information and states the powers of MAS to reprimand market participants for misconduct, and stipulates other tools for civil and criminal penalties for offenses under the act.

2. Investors Complaints

Investor complaints can be submitted to MAS, using a form available on the Contact Information web page of the MAS website.⁵¹ MAS also encourages investors or market participants to report misconduct or breaches of laws and regulations to MAS in writing, via e-mail or by phone. MAS will investigate any complaint and maintain the confidentiality of the complainant.

MAS also issued Guidelines on Fair Dealing—Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers, 2009 (Guideline No. FAA-G11) pursuant to the Financial Advisers Act, which includes prescriptions on the effective and fair management of complaints from customers who have bought products, including debt securities, through financial advisers, and sets expected outcomes of such complaint management.

3. Retail Investors

A number of regulatory measures, particularly for the protection of retail or individual investors, have been implemented in Singapore. The transparency of the regulatory framework, market institutions, participants, and processes is driven by MAS' disclosure-based approach. Where an issuer offers debt securities to retail investors, it has to prepare a prospectus which has to be lodged by and registered with MAS, unless an exemption applies.

⁵¹ See <http://www.mas.gov.sg/contact-information.aspx>

In 2015, MAS issued the Guidelines on Good Drafting Practices for Prospectuses which prescribe the use of plain English in the prospectus for the benefit of an easy understanding of securities features and applicable conditions. Also, under MAS Guidelines on the Product Highlights Sheet, 2015 (Guideline No. SFA13-G13), the issuer and its professional advisers will need to prepare a Product Highlights Sheet (PHS) intended to highlight key information of the relevant offer of securities to investors.

The MAS website contains a comprehensive library of relevant laws, sublegislation and additional regulations, guidelines, and other directives for the Singapore bond market,⁵² which may be retrieved by keywords, date, or category. At the same time, the SGS website hosted by MAS offers full details on SGS features and conditions and additional resources for individual investors.⁵³

SGX provides full details of its Listing Rules and Trading Rules under the SGX Rulebook website, and illustrates the listing and trading processes for debt securities in great detail under the relevant sections of its website.⁵⁴ In addition, SGX offers access to bond and note issuance documentation and disclosure items through its SGX Company Disclosure website, accessible directly or via its main website.⁵⁵

The relevant websites are listed in Appendix 2—Practical References and are also frequently referenced in specific contexts in the course of this bond market guide.

4. Foreign Investors

In Singapore law, and owing to the positioning of Singapore as an international financial center, foreign investors have the same general rights and obligations, including as creditors, compared to local creditors. Please see under Bondholder Rights below.

Foreign investors and market participants also enjoy the same access to bonds and notes listing, documentation, and trading relevant data as local investors. Distinctions may only eventuate depending on their nature, e.g., only professional Bloomberg users may access the SGS E-Bond website (see also Chapter IV).

5. Bondholder Rights

The protection of interests of creditors of a company, including of bond- or noteholders of an issuer, is anchored in the Companies Act, as well as the Securities and Futures Act, as amended. Under the Companies Act, creditors, including bond- or noteholders, can file a winding-up petition for a company when debtors are unable to pay their debts. When a winding-up order is made, the court appoints a liquidator who oversees the liquidation process.

6. Bond Trustee and Trust Deed

The appointment of a bond trustee for debentures to be issued is not mandatory in Singapore, but those debentures offered to retail investors and listed on the SGX Main Board require a trustee and trust deed. At the same time, SME bonds offered to Accredited or

⁵² See <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing.aspx>, and choose selections from the Securities, Futures, and Fund Management menu.

⁵³ See <http://www.sgs.gov.sg/Individual-Investors.aspx>

⁵⁴ See <http://rulebook.sgx.com>

⁵⁵ See http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure

Institutional Investors tend to feature a trustee even though the SGX Listing Rules do not mandate it.

In addition, the majority of bonds and notes listed on the SGX Wholesale Bonds Market feature a bond trustee. This is driven by market practice and conventions with regard to the targeted investors, as well as Accredited or Institutional Investors who are subject to prudential regulations, such as insurance, mutual, and pension funds.

In the case of SGX-listed debt securities, the SGX Listing Rules (Chapter III, Debt Securities) prescribe the qualification of a trustee and minimum standards for the trust deed. In early 2015, SGX conducted a review and public consultation on the trustee and trust deed requirements in relation to the proposed regulatory changes for the prospectus-exemption frameworks, such as the Exempt Bond Issuer and Seasoning Framework (see also Chapter X). The resulting changes will be incorporated in the subsection of the SGX Listing Rules, Chapter 3, and changes will be announced at the same time when these new frameworks are approved by MAS, which is expected in 2016.

For information on bankruptcy protection and event-of-default provisions, please refer to Sections S and T of this chapter, respectively.

7. Central Depository (Pte.) Ltd. Compensation Fund

As prescribed in the SFA, CDP maintains a Fidelity Fund, consisting of an amount not less than SGD20 million, for the compensation of investors or market participants in the event obligations by market counterparties cannot be met by these parties.

R. Bond Trustee and Trust Deed

1. Bond Trustee

An issuer of bonds or notes offered to retail investors must appoint a suitable trustee to represent the holders of its debt securities listed on SGX. Trustees for bonds and notes (“debentures” under the law) may be trustee companies as well as financial institutions.

The trustee is appointed by the issuer, for the benefit of the bondholders, and its duties and obligations, but also the trustee’s rights are governed from Section 266 of the SFA. The trustee for a debenture issue or offer for sale or subscription (referred to as a “bond trustee” in Singapore) has the responsibility of safeguarding the interests of the debenture holders. As part of the issuance team, the bond trustee is expected to ensure the compliance of debenture features, terms, and conditions with applicable law and regulations related to trust matters.

The bond trustee oversees bondholder rights, including the filing of claims and demand of payments from the issuer or guarantors, as well as the compliance with applicable covenants and terms and conditions through the life cycle of the debenture. Under the fiduciary nature of the bond trustee function, debenture holders may have a recourse against the bond trustee in case the bond trustee acts with gross negligence or causes damages to debenture holders.

The bond trustee is responsible for the calling of and the resolution(s) from a meeting of debenture holders, as may be applicable. Meetings may be convened at the request of the issuer, bond trustee, or an agreed percentage of debenture holders.

In addition, the trustee fulfills two key roles for the benefit of bond- or noteholders, if appointed for a debenture issue. First, the trustee will receive from the issuer, or an authorized agent, regular updates on the disclosure items in the issuance documentation, including financial statements and, particularly, also updates on the use of proceeds if they were specified in the issuance documentation; the trustee will in turn undertake efforts to distribute the same information to the debenture holders. Second, the trustee is the responsible party to ultimately call an event of default (following a specific process set out in the law), or report noncompliance with provisions of the trust deed, disclosure, or other obligations of the issuer to MAS for it to take appropriate actions.

2. Trust Deed

The trust deed is entered into by the issuer and the bond trustee, governs the relationship between the parties and the salient provisions of the bond or note issue, and is the result of commercial negotiations rather than dictated by any regulations.

The contents of a trust deed shall contain certain provisions such as the terms and conditions of the bonds or notes, covenants of the issuer, information requirements, and events of default.

In the case of SGX-listed debt securities, Chapter 3 (Debt Securities) of the SGX Listing Rules contains specific requirements for the trust deed. A trust deed contains provisions for the protection of the rights and interest of bondholders and the trustee acts for the benefit of the bondholders on the terms and subject to the conditions contained in the trust deed.

At the time of publication of this bond market guide, SGX was reviewing the trustee and trust deed requirements in the Listing Rules, following a public consultation.⁵⁶

3. Exemptions from Appointment of Bond Trustee and Trust Deed

In principle, the appointment of a bond trustee is not mandatory in Singapore, including in the case of a public offer. A trustee is not required for an issuer who has been declared a “prescribed entity” for the purpose of Section 239 (4) of the SFA, or a debt securities issue that is offered only to Accredited and Institutional Investors and is traded in a minimum board lot size of SGD200,000 (or its equivalent in foreign currencies following the listing). This reflects the ability of these professional investors to make their own decisions and be able to ensure the safeguarding of their investments.

At the same time, the majority of bonds and notes listed on the Wholesale Bonds Market at SGX feature a bond trustee. This is driven by market practice and conventions with regard to targeted Institutional Investors who are subject to prudential regulations, such as insurance, mutual, and pension funds.

⁵⁶ See http://infopub.sgx.com/FileOpen/20141223_SGX_responds_its_consultation_on_greater_retail_access_to_bonds.ashx?App=Announcement&FileID=329258

4. Bond Trustee Registration

Bond trustees in Singapore are either commercial banks or trust companies. Banks who act as bond trustee may do so under the provisions of the Banking Act, as amended. Trust companies are licensed entities regulated under the Trust Companies Act, as amended, and subject to further regulations, such as the Guidelines on Standards of Conduct for Licensed Trust Companies, 2005 (Guideline No. TCA-G03).

As such, both banks and trust companies need not be registered or specifically authorized to carry out the role of a bond trustee. A specific definition of their duties and obligations as a bond trustee, in addition to those defined by law, would be set out in the trust deed.

S. Bankruptcy Procedures

Singapore has a well-established, comprehensive corporate bankruptcy and insolvency statutory framework, which is largely set forth in the Companies Act. The corporate bankruptcy and insolvency laws primarily stem from English and Australian sources, and remain similar in many respects to the legislation of those jurisdictions. However, the Companies Act only sets out the insolvency framework for Singapore-incorporated issuers and the insolvency law applicable to a bond or note issuer depends on the jurisdiction of incorporation of such issuer, which may not be Singapore.

Further details on the restructuring and insolvency frameworks of Thailand and other economies in Asia and the Pacific can be found in the *Asia-Pacific Restructuring and Insolvency Guide 2006* and *A Guide to Asia-Pacific Recovery and Insolvency Procedures*.⁵⁷

T. Event of Default and Cross-Default

1. Event of Default

Generally, the occurrence of event(s) of default is defined in the terms and conditions of the debt securities to be issued, or in the underlying trust deed.

Bonds or notes aimed at Accredited and Institutional Investors may contain event-of-default clauses and descriptions in line with market practice and as negotiated among parties involved in the issuance.

For debt securities that feature a trustee and trust deed, Part XIII of the SFA (Section 266–Duties of Trustees) prescribes some of the circumstance under which the trustee may apply to MAS for an order to impose restrictions on the activities of the borrowing entity for the protection of the interest of the holders of the debentures. The trustee may also apply to the court, where directed by MAS or on its own initiative, for an order to, among others, convene a debenture holder meeting or appoint a receiver.

⁵⁷ Clifford Chance. 2013. *A Guide to Asia Pacific Restructuring and Insolvency Procedures*. Available at <http://financialmarketstoolkit.cliffordchance.com/en/financial-markets-resources/resources-by-type/guides/restructuring-and-insolvency-guide-asia-pacific.html>

A default on debt securities, or debentures under the law, normally occurs where the debenture issuer fails to pay interest or to repay the principal to the debenture holders when due.

The law in Singapore does not specifically state whether a default happens during a given day or at the end of that day. However, it is accepted market practice that a default immediately occurs when the trustee (in the case of public issues or when appointed) or the Accredited and Institutional Investors as bond- or noteholders (in the case of private placements) declare an event of default.

2. Cross-Default

Debentures issued in Singapore, including those issued by government-linked corporations and other corporate issuers, may carry a cross-default clause in their issuance documentation or in the underlying trust deed that allows debenture holders or the trustee to seek immediate repayment of all debt securities issued by the same issuer held by them in case an event of default is declared on other debt obligations of said issuer.

Bond and Note Transactions and Trading Market Infrastructure

A. Trading of Bonds and Notes

Due to the international nature of the Singapore bond market, most bonds and notes are traded over-the-counter (OTC). This is applicable to debt instruments aimed at both the domestic and the international market, respectively, and also to listed and unlisted instruments. At the same time, the trading volume of bonds and notes in the OTC market in Singapore is somewhat limited, since the high-quality rating of debt instruments issued by the government and the corporate sector tends to lead investors to hold these instruments to maturity. This market behavior is also responsible for a not quite active private repo market (see section H).

In addition to the OTC market, SGX offers the trading of SGS and corporate bonds on its securities market, including both types of bonds specifically aimed at retail investors. The trading of debt securities listed on SGX is subject to the Listing Rules and Trading Rules of the SGX Rulebooks. More information can be found in Chapters II and III and in the individual sections of this chapter.

More recently, SGX established the SGX Bond Pro or bond trading platform, which provides the OTC market with an execution platform for initially G3 currency bonds and market data to its participants and the bond market at large (see section C.2 for details).

B. Tendering Platform for Singapore Government Securities

MAS facilitates the tendering process for primary issuance of SGS via the SGS eApps platform. Participation in SGS eApps is limited to Primary Dealers only. Primary Dealers may also submit bids on behalf of Secondary Dealers and their customers through the platform (for a description of these dealer types, please see Chapter III.M). MAS would then conduct auctions of the SGS to be issued on the basis of all bids received through SGS eApps.

Access to SGS eApps is available for Primary Dealers through their proprietary access to the MAS infrastructure, known as MASNet, or via the SGS website.

C. Trading Platforms

In the Singapore market, bonds and notes are traded in the OTC market or on exchange.

1. Over-the-Counter Market

OTC trading between market participants represents the traditional market for bonds and notes issued or traded in Singapore. Trades are concluded directly between institutional counterparties via phone or using the services of a voice broker or interdealer broker.

Individual dealers may also use Bloomberg, Reuters, or similar global trading system providers, and/or in-house or proprietary trading systems.

Participants in the OTC market for debt securities must be holders of a CMS Licence (for institutions) issued by MAS, be a representative under the Representative Notification Framework (individual representatives) appointed by MAS, or exempt dealers such as banks and merchant banks (also see Chapter II.I).

While there is no common trading platform as such in the OTC market in Singapore, market participants may be drawn to the recently established SGX Bond Pro trading platform (SGX Bond Pro), a form of organized OTC market and market data service (see section 2 below) for their trading and decision making activities in the bond market.

2. Singapore Exchange Ltd. Bond Pro

SGX expanded its fixed income capabilities by introducing its institutional bond trading platform, SGX Bond Pro, on 10 December 2015, with the aim to become a top liquidity venue for trading Asian bonds.⁵⁸ Post-trade and settlement activities will be handled off-venue by trade counterparties. SGX Bond Pro, established under the SGX Bond Trading unit, is dedicated only to professional investors and is an OTC liquidity venue.

SGX Bond Trading and SGX Securities Trading are separate entities. SGX Bond Pro initially trades Asian corporate bonds in G3 currencies, with Asian local currencies expected to follow. Bonds or notes traded on SGX Bond Pro will not need to be listed on SGX.

SGX Bond Pro participants, who may be different from members of the exchange itself, fall into two categories, namely dealers and clients:

- Dealers are market-makers and provide liquidity to participants.
- Clients are price takers and comprise entities such as asset managers, bank treasuries, and private banks.

To trade on the SGX Bond Pro bond-trading platform, participants need to be Institutional Investors, meet eligibility criteria, and sign the Participation Agreement and onboarding activation kit.⁵⁹ UBS acts as general counterparty to ensure anonymity of the trading participants.

SGX Bond Pro's value propositions for the market and its participants include the following:

- (i) **Enhancing connectivity among market participants.** SGX Bond Pro has a matched principal functionality that allows participants who currently do not have trading relationships to transact through SGX's matched principal agent.

⁵⁸ For the official SGX announcement, please see <http://www.straitstimes.com/business/companies-markets/sgx-launches-otc-asian-bond-trading-platform>

⁵⁹ For more details, please refer to http://www.sgx.com/wps/portal/sgxweb/home/products/fixed_income/!ut/p/a1/04_Sj9CPykssy0xPLMnMz0vMAfGjzOKNHB1NPAycDSz93S0MDDx9zAwCQ93dDNwNzIEKlpEVuLsbuh4hoaEuTiGeRm7epkRp98AB3A0IKQ_XD8KVQkWF6CZEWWgDITg7xQcHBZmGOHqDFWAxw0FuaERBpmeigBr9jpm/dl5/d5/L0IDU0IKSWdrbUEhIS9JRFJBQUlpQ2dBek15cXchLzRKQ2hEb01kdEJnY2huQVZHRUEhL1o3XzJBQTRIMEMwOTgwOTAwSUxFRFBIRIEwUOQ2LzA!/?WCM_PORTLET=PC_Z7_2AA4H0C0980900ILEDPHFQ0SD6017268_WCM&WCM_GLOBAL_CONTEXT=/wps/wcm/connect/sgx_en/home/products/fixed_income/institutional

- (ii) **Providing an open-access model.** SGX Bond Pro encourages as much integration as possible with third-party-ordered management systems and execution management systems and venues. SGX Bond Pro's trading protocols will be FIX-compliant in order to create a standardized integration process. This will increase ease and efficiency of trading.
- (iii) **Increasing adoption of electronic trading through usage of multiple trading protocols.** The objective of the different protocols is to address different participants' workflows and liquidity needs in order to maximize user adoption. For example, SGX Bond Pro conducts sector specific periodic auctions that allow liquidity providers to round up or down odd-lots. This will decrease the drags on liquidity provider balance sheets and increase liquidity provision.
- (iv) **Offering the use of market data.** SGX Bond Pro provides post- and pre-trade market data and publishes aggregated market transaction information on a daily basis in order to operate a transparent and orderly market and encourage participant trading.

SGX has signed a long-term contract with electronic trading solutions provider TradingScreen as the technology platform provider and will work with the industry to develop end-to-end automation to make trading in SGX Bond Pro instruments more efficient.

3. Bloomberg E-Bond for Singapore Government Securities

Bloomberg E-Bond is a global electronic OTC trading system for bonds and T-Bills. Specifically developed for the Singapore Primary Dealer community, Bloomberg E-Bond offers a unique multidealer Request for Quote and anonymous quotation bulletin board for SGS, along with straight-through-processing features and real-time market activity displays.

The real-time market activity monitor for SGS is accessible under "SGSM <GO>,". Participation to the feature is limited to users of Bloomberg's professional services, including Primary Dealers and MAS.

Bloomberg E-Bond has been the interbank dealing platform in Singapore since July 2005, with the initial launch of trading among Primary Dealers introducing real-time quote depth and trading information to domestic and foreign market participants. An integrated anonymous quotation bulletin board was added in 2006 and the subsequent incorporation of executable quotes further increased the quality of liquidity and transparency in the SGS market.⁶⁰

4. Trading on Exchange

SGX also offers trading of debt securities quoted or listed on its securities market, which include SGS and corporate bonds and preference shares. Trading of these debt securities is executed on the SGX-ST Platform and governed by the SGX-ST Trading Rules under the SGX Rulebook (see Chapter II.K).

SGX commenced the trading of SGS bonds on 8 July 2012, with 19 SGS issues with original maturities of at least 2 years. The trading of SGS bonds, as well as retail bonds listed on SGX and their features are geared more toward retail investors.

⁶⁰ Adapted by ADB Consultants for SF1 from <http://www.prnewswire.co.uk/news-releases/bloomberg-trading-platform-for-singapore-bonds-launched-153558465.html>

The trading board lot sizes for retail bonds are typically 1,000 units per lot to represent SGD1,000 in face value of the bonds. The trading board lot size for Singapore Government bonds are in 10 units per lot to represent SGD1,000 in face value of the bonds.

Direct access to the SGX-ST platform is available only to SGX Securities Trading Members. Investors (retail or institutional, including the Primary Dealers) access the SGX securities market through these SGX Securities Trading Members (their brokers). The choice of brokers lies in the discretion of the investors. SGS Primary Dealers also participate in the trading of bonds and notes on exchange, including the trading of listed SGS and corporate bonds, through their respective group entities with an SGX trading seat.

Retail investors can subscribe to new issuances or trade SGS and corporate bonds on SGX-ST via their appointed retail broker, or other channels, which include the submission of subscriptions for primary issuances via dedicated functions at ATMs of banks affiliated with these brokers. Trading hours for debt securities follow the normal trading hours of the SGX securities market, as shown in Table 4.1 below for easy reference. Debt securities traded on SGX are subject to the same trading, payment, and settlement rules as equities and are settled at CDP. For that purpose, individual investors must have a CDP account, in addition to their account with the broker.

SGX's securities trading engine, SGX Reach, introduced in phases since 2011, allows participants to execute bond transactions using the following distinct order types:

- limit orders;
- market orders;
- market-to-limit orders;
- session state orders; and
- price-triggered orders, including
 - stop orders, and
 - if-touched orders.

Trading on SGX is executed continuously throughout the day, Monday to Friday, between 9 a.m. and 5 p.m., with the addition of pre-open and pre-close sessions (Table 4.1). There is no trading on Singapore public holidays. When a holiday falls on Sunday, the following Monday will be a public holiday. Trading on the eves of Christmas, New Year's, and Chinese New Year is conducted from 9 a.m. to 12:30 p.m.

Table 4.1: Singapore Exchange Securities Trading Hours

Phase	Start Time	End Time
Pre-open	8:30 a.m.	8:58 a.m. – 8:59 a.m.*
Non-cancel	8:58 a.m. – 8:59 a.m.*	9 a.m.
Open	9 a.m.	5 p.m.
Pre-close	5 p.m.	5:04 p.m. – 5:05 p.m.**
Non-cancel	5:04 p.m. – 5:05 p.m.**	5:06 p.m.
Close	5:06 p.m.	

* The Pre-Open Phase ends randomly at any time from 8:58 a.m. – 8:59 a.m. and the Non-Cancel Phase will begin immediately after the Pre-Open Phase ends.

** The Pre-Close Phase ends randomly at any time from 5:04 p.m. – 5:05 p.m. and the Non-Cancel Phase will begin immediately after the Pre-Close Phase ends.

Source: Singapore Exchange Ltd. http://www.sgx.com/wps/portal/sgxweb/home/trading/securities/trading_hours_calendar

A trading session for the so-called Buying-In Market, which covers orders needed to regularize failed settlements, is conducted from 3 p.m. to 5 p.m. daily.

SGX introduced continuous all-day trading for the securities market in August 2011. Since then, market prices and data are also generated continuously throughout the day (including during the previous lunch-break period from 12:30 p.m. to 2 p.m.) and disseminated through existing data-feed channels where investors normally obtain such information.

Further information on the bond trading procedures, practices, and conventions is best accessed on the SGX website.⁶¹

D. Mandatory Trade Reporting

There is no specific function for mandatory trade reporting in the Singapore bond market, owing to its overall rather international nature, and no market institution is mandated to capture all bonds and notes trading activities.

Trades in debt securities on SG-ST, or SGX Bond Pro, are automatically recorded on the respective trading platform and made available to each market's participants through their trading platform access, and to the public through the SGX website (see also section C), as well as through information vendors.

Prices and quoted information on debt instruments traded in the OTC market may be available only on international trading platforms, such as Bloomberg or Reuters, or in proprietary systems of brokers or other intermediaries.

E. Market Monitoring and Surveillance in the Secondary Market

In Singapore, market monitoring and surveillance activities are carried out by SGX for the markets and segments under its purview only. At the same time, MAS both governs and monitors the market activities in SGS, since it also operates the SGS issuance and settlement platform. Owing to the largely international nature of the bond market in Singapore, there is no specific monitoring or surveillance of the OTC bond market.

1. Singapore Government Securities Market

MAS prescribes rules and regulations for the market in SGS and operational and risk management standards and processes for market participants. MAS monitors the market conduct of these participants and their activities and will issue enforcement actions in case of breaches of the law and pertinent rules and regulations. Any enforcement actions issued are available for viewing on the MAS website.⁶²

2. On the Singapore Exchange Ltd.

For debt securities traded on SGX, SGX conducts real-time surveillance of its markets to detect unusual trading activities and possible market misconduct. Trading irregularities that

⁶¹ Relevant details will be updated on the SGX (<http://www.sgx.com>) under the Trading tab.

⁶² See <http://www.mas.gov.sg/news%20and%20publications/enforcement%20actions.aspx>

may breach the provisions of the SFA are referred to MAS and the CAD for investigation and action.⁶³

SGX also monitors compliance of listed companies with the Listing Rules and the compliance of SGX members with the Trading and Clearing Rules. Any suspected breach is thoroughly investigated. Appropriate action is taken against offenders taking into account

- (i) severity of the breach,
- (ii) circumstances leading to the breach,
- (iii) compliance track record of the offenders, and
- (iv) mitigating factors.

Under the SGX Disciplinary Framework, severe offenses committed by members may be referred to the Disciplinary Committee to decide on appropriate sanctions.

In 2014, SGX enhanced its regulatory tools in line with international standards by refining its query process and adding new requirements in the following manner:

- (i) enhancing its public query process by
 - (a) providing further guidance and details in the public query; and
 - (b) requiring the company's board of directors to endorse the company's reply to SGX's query;
- (ii) introducing a "Trade with Caution" announcement when companies are unable to explain the trading activities which SGX is querying; and
- (iii) requiring companies to notify SGX of specific transactions and to maintain a list of privy persons; such information is useful in the detection and investigation of possible trading misconduct.

F. Bond Information Services in Singapore

1. Singapore Government Securities Website

MAS hosts and operates the SGS website, which provides comprehensive information on the types of SGS and their issuance, trading, and settlement processes (Figure 4.1). The site also provides information on SGS market activities, including the issuance calendar and auction results. Furthermore, the SGS website serves as a good information source on the legal and regulatory framework, market features, practices and participants, tax, and related incentives, not only for SGS but also for corporate bonds in Singapore. It gives additional information on the eligibility of institutional and individual investors and lists topics for their interest.

The SGS website also carries comprehensive statistics on SGS bonds and T-Bills, such as key information on past auctions, which are also available for download, and include

- (i) daily domestic interest rate,
- (ii) daily SGS prices,
- (iii) outstanding SGS,
- (iv) MAS holdings,
- (v) historical prices,

⁶³ For further details, please refer to http://www.sgx.com/wps/portal/sgxweb/home/regulation/market/market_supervision

Figure 4.1: Singapore Government Securities Homepage

Introduction to Singapore Government Securities

Singapore Government Securities (SGS) are debt instruments of the Government of Singapore. These debt instruments are backed by the full credit of the Singapore Government. The Government does not use debt to finance its expenditure. Instead, SGS bonds and Treasury bills (T-bills) are issued to meet banks' needs for a risk-free asset in their liquid-asset portfolios and as part of a broader strategy to grow Singapore into an international centre for debt capital management. The Government also issues Singapore Savings Bonds, which are non-marketable SGS, to individuals to provide them with a long-term savings instrument. The Monetary Authority of Singapore manages the issuance of SGS on behalf of the Government, in its capacity as the Government's fiscal agent.

[Read more...](#)

Singapore Savings Bonds

Singapore Savings Bonds are a new type of SGS designed to offer individuals a long-term, flexible savings option with safe returns. They are ten-year bonds that pay higher interest over time based on market SGS rates, and can be redeemed early on a monthly basis. Savings Bonds are issued monthly and can be purchased in units of \$500. Interested investors can refer to the [Savings Bonds website](#) for more information.

[Read more...](#)

Bonds	Treasury Bills	Savings Bonds	Other News
VIEW ALL	VIEW ALL	VIEW ALL	VIEW ALL
Auction of N513100T (2Y Reopen) 21 Mar 2016	Auction Result: BY15101S (1-Year T-Bill) 28 Oct 2015	Public notice: SSB issued on 01 Apr 2016 (SBAPR16 GX16040V) 01 Mar 2016	Website Maintenance 29th Nov 2015 26 Nov 2015
No Mini Auction 01 Mar 2016	Auction of BY15101S (1YR T-Bill) 21 Oct 2015	Results: SSB issued on 1 Mar 2016 (SBMAR16 GX16030T) 25 Feb 2016	Website Maintenance 18th October 2015 16 Oct 2015
Auction Results: NA16100H (30Y) 25 Feb 2016	Auction Result: BY15100Z (1-Year T-Bill) 28 Apr 2015	Public notice: SSB issued on 01 Mar 2016 (SBMAR16 GX16030T) 01 Feb 2016	Website Maintenance 22nd Aug 2015 to 23rd Aug 2015 17 Aug 2015
Auction of NA16100H (30Y) 18 Feb 2016	Auction of BY15100Z (1YR T-Bill) 21 Apr 2015	Results: SSB issued on 1 Feb 2016 (SBFEB16 GX16020F)	Website Maintenance 21st Mar 2015
Auction Results: NX11100X (5Y)			

Source: Singapore Government Securities. <http://www.sgs.gov.sg>

- (vi) historical turnover,
- (vii) auction data, and
- (viii) issuance data.

Among the publications accessible via the SGS website are market practice guides, as well as introductions to the bond market at large. One key publication has been the *Singapore Bond Market Guide* published by MAS in 2011, from which selected information has been reproduced in this ABMF bond market guide.

In addition, the Bloomberg E-Bond platform for SGS (see section C) contains live information on SGS traded in the Singapore market among MAS and Primary Dealers, for the information of domestic and international bond market participants.

2. Singapore Exchange Ltd. Bond Trading

This new service introduced in December, known as SGX Bond Pro and housed in SGX Bond Trading (generally referred to as SGX-BT), a licensed recognized market operator, serves as a trading platform for bonds and notes traded in the Singapore OTC market, but is hosted by SGX.

However, one of the key features of SGX Bond Pro will be the availability of bond market data, including general information and disclosure items on the bonds and notes traded, and real-time price and quote availability.

3. Singapore Dollar Corporate Bond Pricing Platforms

To improve price transparency in the SGD corporate bond market and provide reliable mark-to-market prices for the industry, MAS worked with Bloomberg to publish end-of-day indicative prices for SGD-denominated corporate bonds on Bloomberg's platform. The service was launched in 2012 and is available on the Bloomberg Professional service at FIQ and SGDC. Prices are based on last market rates quoted by major Primary Dealers before or at 5 p.m. Singapore time.

Daily end-of-day prices for SGD-denominated corporate bonds are also available on Markit's in-house bond pricing service, which uses multiple observable price sources. Data from this service are used in the pricing of the underlying bonds of Markit's iBoxx SGD Bond Indices, a bond index used to track the performance of SGD-denominated debt.

G. Yield Curves and Bond Indices

1. Government Bond Yield Curve

Daily SGS closing yields and historical data can be found on the SGS website.⁶⁴ The data, as shown in Figure 4.2, reflect bid rates that are quoted by Primary Dealers.

In addition to yields for specific benchmark issues, an aggregate SGS yield curve for selected periods, as well as many more data points can be accessed using the *AsianBondsOnline* website.⁶⁵ An example of the yield data and composite curve style of display is shown in Figure 4.3.

Yield data and curves are also readily available from a number of information vendors.

2. Other Bond Yield Curves

In addition to displaying government bond yield data and curves, *AsianBondsOnline* provides corporate bond yield information for the Singapore market. Such information is also readily available from a number of information vendors such as Bloomberg.

⁶⁴ See <https://secure.sgs.gov.sg/fdanet/SgsBenchmarkIssuePrices.aspx>

⁶⁵ See http://asianbondsonline.adb.org/singapore/data/marketwatch.php?code=government_bond_yields

Figure 4.2: Singapore Government Securities Prices Web Page Closing Yields



Daily SGS Prices

Other Daily Updates

▶ [Domestic Interbank Rates](#)

▶ [SGS Original Maturities](#)
 1-Year | [2-Year](#) | [5-Year](#) |
[7-Year](#) | [10-Year](#) | [15-Year](#) |
[20-Year](#) | [30-Year](#)

Historical Database

▶ [SGS Benchmarks](#)
 ▶ [SGS Bonds](#)
 ▶ [SGS Treasury Bills](#)

Singapore Government Securities - Benchmarks  

Closing Levels

ISSUE CODE COUPON RATE MATURITY DATE	TREASURY BILLS			BONDS									
	1-YEAR	2-YEAR	5-YEAR	10-YEAR	15-YEAR	20-YEAR	30-YEAR						
	BY15101S	N215100F	NX11100X	NX15100Z	NZ10100F	NZ13100V	NA16100H						
	01 NOV 2016	01 OCT 2017	01 JUN 2021	01 JUN 2025	01 SEP 2030	01 SEP 2033	01 MAR 2046	PRICE	YIELD	PRICE	YIELD	PRICE	YIELD
16 Mar 2016	1.04	100.56	1.01	102.08	1.83	101.42	2.20	103.93	2.55	109.77	2.67	98.90	2.80
17 Mar 2016	1.00	100.69	0.92	102.75	1.70	102.85	2.03	105.56	2.42	111.76	2.54	100.99	2.70
18 Mar 2016	1.00	100.68	0.93	102.71	1.70	102.91	2.03	105.76	2.40	112.03	2.52	101.18	2.69
21 Mar 2016	1.01	100.66	0.94	102.51	1.74	102.56	2.07	105.32	2.44	111.52	2.55	100.58	2.72
22 Mar 2016	1.00	100.68	0.93	102.65	1.71	102.65	2.06	105.36	2.43	111.73	2.54	100.76	2.71
23 Mar 2016	1.00	100.68	0.92	102.65	1.71	102.62	2.06	105.29	2.44	111.76	2.54	100.75	2.71

- Data reflect bid rates quoted by SGS primary dealers.
- Yield is quoted as % p.a.
- Bond price is quoted in S\$ per S\$100 of principal amount, excluding any applicable accrued interest (i.e. on clean basis).

High / Low Levels

ISSUE CODE COUPON RATE MATURITY DATE	TREASURY BILLS			BONDS										
	1-YEAR	2-YEAR	5-YEAR	10-YEAR	15-YEAR	20-YEAR	30-YEAR							
	BY15101S	N215100F	NX11100X	NX15100Z	NZ10100F	NZ13100V	NA16100H							
	01 NOV 2016	01 OCT 2017	01 JUN 2021	01 JUN 2025	01 SEP 2030	01 SEP 2033	01 MAR 2046	HIGH	LOW	HIGH	LOW	HIGH	LOW	
16 Mar 2016	-	-	100.63	100.63	102.28	102.05	101.55	101.20	104.30	103.30	109.65	109.18	99.35	98.68
17 Mar 2016	-	-	100.77	100.71	102.80	102.38	102.70	102.10	105.70	104.70	111.80	110.90	100.40	99.50
18 Mar 2016	-	-	-	-	102.85	102.65	103.15	103.00	106.00	105.71	112.45	112.00	101.10	101.10
21 Mar 2016	-	-	100.74	100.71	102.63	102.50	102.70	102.70	105.40	105.40	111.60	111.60	100.80	100.70
22 Mar 2016	-	-	100.75	100.69	102.70	102.40	102.68	102.45	105.35	105.10	111.42	111.42	100.40	100.40
23 Mar 2016	-	-	100.73	100.73	102.65	102.53	102.55	102.55	105.55	105.15	111.90	111.40	-	-

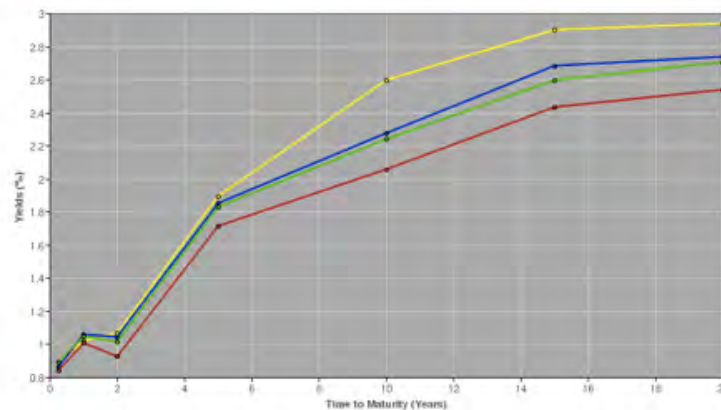
- Data reflects the highest/lowest transacted price in the inter-dealer market for bonds. Treasury Bills are quoted in yield terms.
- Yield is quoted as % p.a.
- Bond price is quoted in S\$ per S\$100 of principal amount, excluding any applicable accrued interest (i.e. on clean basis).

Source: Singapore Government Securities. <http://www.sgs.gov.sg>

Figure 4.3: AsianBondsOnline Web Page of Singapore Government Securities Yield Curve for Selected Periods



Government Bond Yield Curves for Selected Periods



bp = basis point, LCY = local currency, MTD = month-to-date, SG = Singapore, YTD = year-to-date.
Source: AsianBondsOnline. Singapore > Data Government Bond Yield Curve for Selected Periods. http://asianbondsonline.adb.org/singapore/data/marketwatch.php?code=government_bond_yields

The recently launched SGX Bond Pro trading platform is expected to deliver additional market data, including yield information, on its traded bonds once sufficient information is available.

3. Bond Indices in Singapore

Domestic banks, such as United Overseas Bank, provide Singapore fund managers and other Institutional Investors with Singapore Government bond indices, which allow the market participants to track the performance of their portfolios.

In 2013, Markit and SGX, in conjunction with Thomson Reuters, introduced a suite of Singapore dollar bond indices designed to meet the needs of fund managers, asset owners, and custodians in benchmarking investment performances. These bond indices include government, statutory board, and corporate bond index series, which are representative of the Singapore dollar bond market.

The bonds under Markit's iBoxx SGD Bond Indices are predominantly priced via Markit's Pricing Service for SGD Corporate Bonds. Where required, the pricing data are complemented by prices derived from other observable data using Markit's valuation models. Unrated bonds are eligible for the index and are assigned an implied credit quality based on the yield spreads. The implied credit quality will be used to differentiate bonds into investment grade and high yield as well as to individual rating indices. The implied credit quality methodology is available on Markit's website.⁶⁶

On the other hand, the Thomson Reuters–SGX Singapore Fixed Income indices are based on bonds priced objectively and independently by the Thomson Reuters Evaluated Pricing Service, a time-specific assessment of the fair market value of each bond. These indices are ideal for the creation of index-based investment products such as exchange-traded funds, which seek to provide specific investment access to Singapore debt.

The Markit indices are available via the web, ftp format, and third-party vendors. The Thomson Reuters–SGX indices are available on Thomson Reuters' Eikon data distribution platform and also made available for free to Datastream customers; constituent information is being distributed via various industry standard feeds and ftp formats.

Markit and SGX are also able to create and maintain customized indices following individual customers' requirements. Customers can also access their calculation capabilities to construct and publish indices using proprietary index methodologies.

A number of international information vendors also calculate and publish bond indices for the Singapore market. One example is S&P Dow Jones Indices, a unit of McGraw Hill Financial. The company tracks the S&P Singapore Corporate Bond Index (ticker symbol: SPBSGCPT), which is a composite index across all corporate bonds issued in Singapore. Please see Figure 4.4 for an example.

In addition, S&P Dow Jones Indices also offers a breakdown of the index into a number of component indices, including the

- S&P Singapore Agency Bond Index and
- S&P Singapore Financials Bond Index.

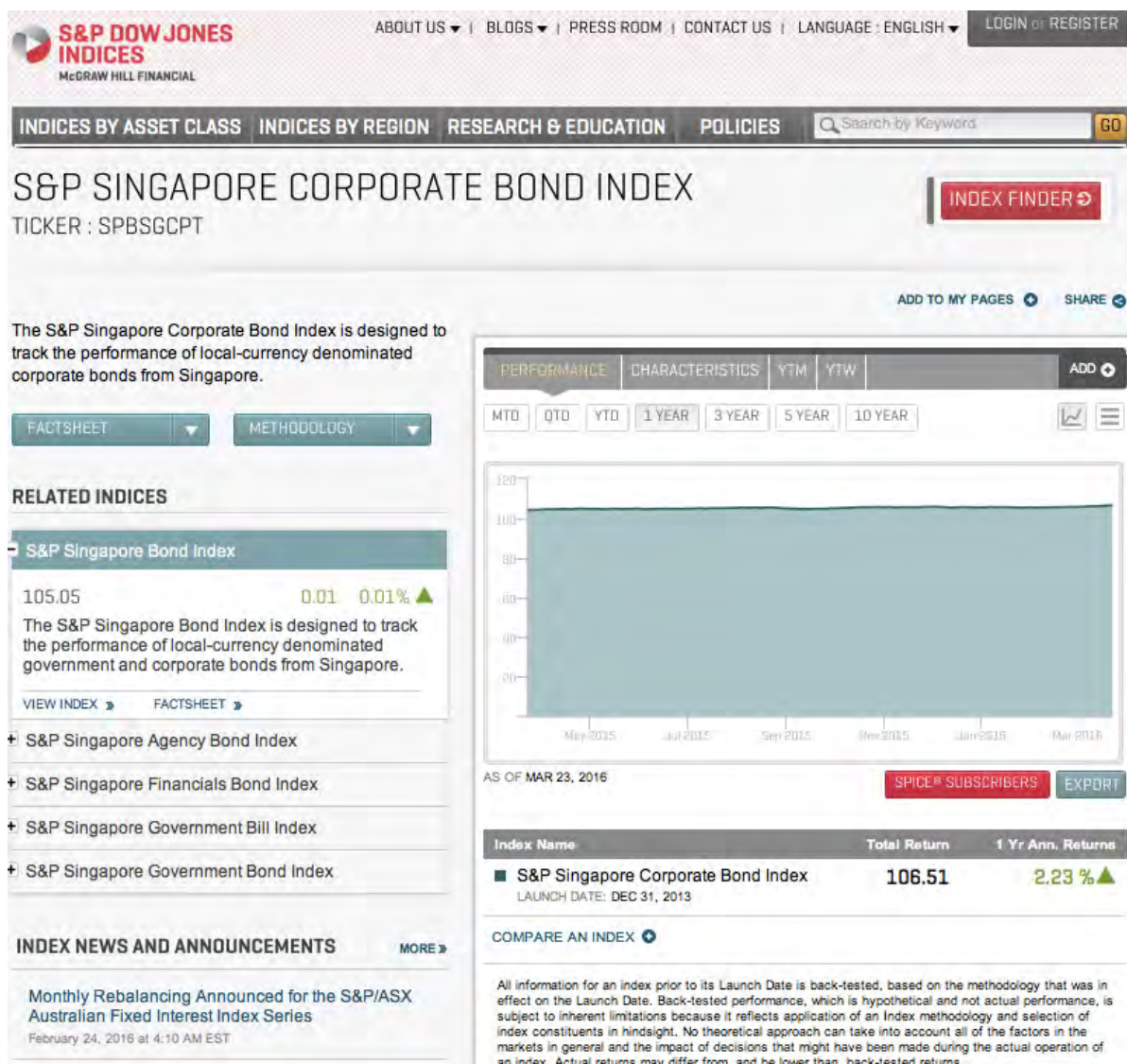
⁶⁶ See <http://www.markit.com/indices>

At the same time, a number of SGS indices are available from S&P Dow Jones, including the

- S&P Singapore Government Bill Index and
- S&P Singapore Government Bond Index.

S&P Singapore Bond Indices are available to registered S&P Dow Jones subscribers and via public domain websites.

Figure 4.4: Standard & Poor's Web Page of Singapore Corporate Bond Index



Source: Standard & Poor's. Singapore Corporate Bond Index. <http://au.spindices.com/indices/fixed-income/sp-singapore-corporate-bond-index>

4. Inclusion of Singapore Bonds in Other Indices

Singapore was the first Asian country outside of Japan to join the widely followed Citigroup World Government Bond Index in January 2005. SGS are also included in other leading bond indices such as the J.P. Morgan World Government Bond Index and the HSBC Asian Local Bond Index.

H. Repo Market

1. Repo Market Overview

The Singapore market sees two market segments for repurchase agreements (repo) transactions, an interbank or OTC market and bilateral repo transactions between MAS, the SGS Primary Dealers appointed by MAS, and other authorized financial institutions.⁶⁷ The bilateral repo market is also referred to as SGS repo market. Based on feedback from market participants, the majority of repo transactions in Singapore are bilateral SGS repos. The SGS repo market had an average daily turnover of SGD3.42 billion in 2014, SGD2.76 billion for June 2015, and about SGD3 billion for the whole year 2015.⁶⁸

MAS conducts bilateral repo transactions as part of its open market operations, to withdraw or provide liquidity to the banking system. To facilitate trading and market-making by Primary Dealers, MAS operates a repo facility that allows Primary Dealers to borrow SGS from MAS on an overnight basis when the SGS are not readily available from other sources.

There are two main types of SGS repo, corresponding to the two main uses of repo transactions. These are the general collateral repo and specific repo. A general collateral repo is a collateralized loan, with the underlying SGS—not specified in advance of the transaction—used as collateral for the cash received during the first leg of the repo transaction. A general collateral repo is typically used by market participants as a relatively cheaper means to finance their holdings of SGS, and by cash-rich institutions as a secured means of lending cash.

In a specific repo, one party of the transaction asks for a specific SGS and contracts with the other party holding the specific SGS to repo out the bond. A specific repo is typically used by market participants to cover a short position in SGS. In recent times, Primary Dealers have transacted these through the MAS repo facility. Through the eApps platform, Primary Dealers are also able to submit their closing prices and their MAS repo facility bids, streamlining the repo auction process.

MAS also provides to the market the Intraday Liquidity Facility and Standing Facility, which is open to all financial institutions that are participants in MEPS+, MAS' Real-Time Gross Settlement system. The facility allows eligible financial institutions that have signed the PSA-ISMA Global Master Repurchase Agreement (GMRA) with MAS to obtain SGD funds on an intraday and overnight basis, respectively, through repo transactions involving SGS and MAS

⁶⁷ Text includes information and statements adapted by ADB Consultants for SF1 from Executives' Meeting of East Asia and Pacific Central Banks (EMEAP). 2014. *Repo Markets: State of Play, A Report by the EMEAP Working Group on Financial Markets 2014*. http://www.emeap.org/wp-content/uploads/2015/04/Publications_EMEAP_Working_Group_on_FinancialMarkets_-_Report_on_EMEAP_Repo_Markets_.pdf

⁶⁸ Current and historical data available from <https://secure.sgs.gov.sg/fdanet/AverageDailyTurnoverVolume.aspx>

Bills, with appropriate haircuts applied. The Intraday Liquidity Facility is open from 9 a.m. to 5 p.m., with the automated reversal time set at 5:30 p.m. The Standing Facility is open between 2:30 p.m. and 3:30 p.m. and 6 p.m. to 6:25 p.m. depending on the type of collateral pledged. The intraday repo rate and transaction rates at the Standing Facility are based on prevailing market rates unless otherwise determined by MAS, and is broadcast on the MAS website.

On the other hand, funding via the repo market plays a smaller role in Singapore's banking sector. First, the banking sector typically has sufficient liquidity on a day-to-day basis. Second, domestic banks generally prefer to fund liquidity shortfalls via the deeper unsecured borrowing and foreign exchange swap markets. OTC or private repo is transacted between Primary Dealers and Secondary Dealers, or in the interbank market among financial institutions and their institutional clients.

Like other trades in SGS, repo transactions settle in MEPS+, through the accounts of the Primary Dealers and other financial institutions, respectively, on a DVP basis, for both bilateral and OTC repo. Typical settlement date is T+1, from 9 a.m. to 4:30 p.m. on Mondays to Fridays, and 9 a.m. to 12:30 p.m. on Saturdays if settled in MEPS+. OTC repos settle in MEPS+ if SGS are used as collateral, or CDP if the collateral involves high-quality bonds issued by corporates or a statutory board.

Beyond the SGS repo market, MAS has taken steps to develop the domestic corporate bond market. One initiative is the establishment of a Securities Repo Facility, which provides an avenue for key Primary Dealers to borrow SGD-denominated corporate bonds for the purpose of market-making. This facility provides greater assurance that market-makers will be able to deliver securities and reduces the risk of being squeezed in the event that they are unable to cover their short positions, enabling them to make prices more freely. The Securities Repo Facility has been in operation since May 2015.

2. Acceptance of Standards

All market participants are expected to abide by a code of market conduct, which stipulates guidelines on trading conventions and dispute resolutions. In particular, SGS repo transactions are subject to the GMRA to ensure certainty and confidence in transactions. Market participants who wish to access liquidity facilities administered by MAS are also required to agree to MAS' terms and conditions.

3. Specific Repo Practices

This section summarizes a number of relevant practices in the repo market in Singapore.⁶⁹

a. Type of Repo

In Singapore, repurchase transactions represent the "classic repo" type, which refers to outright sale and purchase.

From a legal perspective, securities are transferred to the lender so the lender can sell the securities in the market. In case of default, the lender could liquidate the bonds in the market to settle any obligations of the borrower.

⁶⁹ More details can be found at <http://www.sgs.gov.sg/Publications/Market-Practices.aspx>

b. Size, Tenor, and Cost

The standard market lot size for repo transactions is SGD25 million for tenors from overnight to 1 month. Parties who wish to transact a repo for a different amount or tenor should specify the amount and tenor when requesting for, or providing, quotes.

Unless otherwise agreed between the buyer and the seller, the purchase price shall include the accrued interest. The prevailing market prices shall be used as a guide when determining the purchase price of the securities, which will be known as the dirty price.

The cost of a repo is calculated on the basis of 365 days.

c. Eligible Debt Securities as Collateral

Eligible debt securities for repo transactions include SGS bonds and bills, as well as MAS bills. While market participants are allowed to use other types of collateral, these transactions are rare. Securities eligible for use as collateral are defined as part of the GMRA between counterparties. Under the GMRA, the substitution of collateral is allowed during the term of the repo if the seller requests and the buyer agrees to the substitution.

d. Margin

The variation margin over the tenor of the repo is typically determined in cash. If there is interest payable on the cash margin, such interest will be included in the calculation of the cash margin.

e. Accounting and Tax Treatment

In principle, under the definition of this type of repo transaction (classic repo), the securities are still booked in the borrower's balance sheet even if the securities are already transferred to the lender. Hence, the securities remain in the accounts of the borrower.

The income from the repo fee is considered interest and subject to the normal corporate income tax. Primary Dealers are exempt from tax on income derived from trading of SGS. There is no capital gains tax in Singapore. Foreign investors do not pay withholding tax on MAS or SGS repo transactions.

f. Market Participants

Bilateral repo is conducted between MAS and SGS Primary Dealers, or between MAS and financial institutions that are participants in MEPS+. Market participants in private repo transactions include dealers holding a CMS licence and exempt dealers (financial institutions regulated under the Banking Act).

There are no restrictions on the entrance of foreign investors or nondealer participants to the repo market.

I. Securities Borrowing and Lending

Securities borrowing and lending (SBL) transactions are actively conducted in Singapore, as part of the services provided by SGX–CDP or directly between market participants.

MAS regulates SBL transactions, and requirements for collateral and other conditions through its Regulations, Guidelines, and Notices to the market, typically for individual groups of market participants such as banks (e.g., Securities and Futures [Licensing and Conduct of Business] Regulations) and insurance companies (e.g., Notice 113).

1. Singapore Exchange Ltd. Securities Borrowing and Lending Programme

The SGX's SBL Programme started in 2001 with 200 eligible securities for borrowing and lending. At present, there are close to 600 securities for borrowing and lending, and 12,600 participating investors lending through SBL to 16 financial institutions. In effect, SGX lends securities to borrowers from a lending pool of eligible CDP holdings.

SBL transactions settle in CDP as a separate transaction type, free of payment.

At present, the SGX's SBL Programme does not include fixed income securities.

2. Direct Transactions

Securities lending and borrowing between market counterparties is conducted as direct transactions in the OTC market.

In a direct SBL transaction, counterparties can agree on the debt securities to be part of the transaction, the collateral to be posted and other such conditions directly between them in an OTC transaction. The transfer of the borrowed debt securities and the related collateral (if not cash) are typically instructed and settled as individual free of payment transactions at either MEPS+ or CDP, depending on the underlying debt securities. In addition, many SBL transactions between counterparties in Singapore involve international debt securities that are held and settled through Clearstream or Euroclear or in markets other than Singapore.

For this type of transactions, lenders and borrowers will have an SBL agreement in place, typically under GMRA, and have counterparty clearance and limit mechanisms in place. Acceptable collateral, permissible clearinghouses, or depositories will have been incorporated into this agreement at the outset.

3. Eligible Debt Securities

The eligible securities for the SGX's SBL Programme include about 600 identified securities safekept at CDP, via a lending pool made up of the holdings of Lending Participants in these securities. Fixed income securities are not yet included among these identified securities.

Eligible debt securities for direct transactions are determined via agreements between market counterparties and can include debt securities issued in Singapore or other markets.

4. Tax Treatment

Similar to the interest from a repo transaction, the lending fee from securities lending transactions is considered income and subject to corporate income tax for Singapore entities. Foreign investors do not pay withholding tax on the trading or transactions in SGS.

J. Interest Rate Futures

At present, no specific interest rate futures for the hedging of exposure to SGS or SGD-denominated corporate bonds are traded in the Singapore market.

However, SGX trades futures contracts and options on Japanese Government Bonds on its derivatives market, as well as Eurodollar and Euroyen interest rate futures based on the London Interbank Offered Rate and Tokyo Interbank Offered Rate, respectively.

For more information on these derivatives, readers are invited to visit the SGX website.⁷⁰

⁷⁰ See <http://www.sgx.com/wps/portal/sgxweb/home/products/derivatives>



Description of the Securities Settlement System

This chapter, as included in the original ASEAN+3 Bond Market Guide published in 2012, has been discontinued in favor of a more comprehensive and updated description in the Phase 2 Report of ABMF Sub-Forum 2 (SF2), Information on Transaction Flows and Settlement Infrastructures, dated 13 June 2014. The SF2 Phase 2 report contains information on the post-trade features of the Singapore bond market, its market infrastructure and settlement systems, interest payment and redemption practices, as well as market and message standards (pp. 229–40). In addition, the SF2 Phase 2 report contains detailed infrastructure and transaction flow diagrams for Singapore (pp. 563–85).

The SF2 report is available at <https://asianbondsonline.adb.org/> as well as through a number of mirror sites.⁷¹

⁷¹ See <http://www.adb.org/publications/asean3-information-transaction-flows-and-settlement-infrastructures>

Bond Market Costs and Taxation

This chapter details the typical types of costs to be incurred by issuers and investors in the bond market in Singapore, with a particular emphasis for costs associated with bond or note issuance and settlement.

For ease of reference, the descriptions of the types of costs are given in the context of the actions to be taken by issuers or investors (as explained in this document) and follow the life cycle of a bond, note, or related program, in the Singapore bond market.

Please note that all fees and charges are principally subject to the prevailing rate of the Goods and Services Tax (GST), which is presently set at 7%. Nonresidents do not pay GST.

A. Costs Associated with Bond and Note Issuance

1. Submission of Application for Lodgement and Registration of Prospectus with the Monetary Authority of Singapore (Public Offers)

All public offers of bonds and notes in Singapore require the lodgement and registration of a prospectus with MAS. For details and conditions of the application process, please refer to Chapter III.F.

MAS applies a fee for the lodgement process, payable at the time of lodgement of the prospectus on OPERA, including that for debenture issuance programs. The fee is set out in the First Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 and is not refundable in the case where an offer does not go ahead.⁷²

2. Underwriter or Arranger Fee (Optional)

The issuer is not required to appoint an underwriter to place bonds or notes in the Singapore bond market. However, some offers of debt securities may require the services of one or more underwriters to place the debt securities with Institutional Investors or distribute the issuance to the public. Underwriters are also referred to as arrangers in the Singapore market and, in case of multiple arrangers, a lead arranger is typically appointed by the issuer.

An arranger or underwriter will charge a fee, typically commensurate with the effort and risk of taking over parts or all of a bond or note issue from the issuer, and which should be expected to follow established market practice and may be subject to negotiations between the issuer and arranger or underwriter.

⁷² See <http://statutes.agc.gov.sg/aol/search/display/view.w3p;ident=dcaa41cd-2492-4047-925b-e967f2fb0321;page=0;query=Compld%3A7bb76d07-663e-41b9-ba2d-caec81e9bb34%20ValidTime%3A20131022000000%20TransactionTime%3A20131022000000;rec=0#Sc1->

3. Agent Fees (Mandatory and Optional)

Issuers in the Singapore bond market may have to appoint a paying agent and/or trustee in the context of a bond or note issuance, depending on the nature and form of such issuance (please see Chapter III for details and conditions).

The paying agent is responsible for handling the cash flow at issuance and for benefits arising from the issue and upon redemption. The trustee holds the fiduciary responsibility toward the bond- or noteholders, and acts in the case of default or distress.

Paying agents and trustees are remunerated for their services based on market practice.

4. Central Depository (Pte.) Ltd. Fees

CDP does not charge fees to the issuer of corporate bonds or notes for the creation of bonds or notes in its system. Typically, the bonds and notes are deposited into the account of the underwriter or arranger at the time of opening of the subscription or sale offer and subsequently transferred to the broker or custodian acting for the investors upon settlement of the bond or note issuance. In turn, Depository Agents are charged with the respective transfer and settlement fees, which are explained further in this chapter.

However, the issuer pays depository fees to CDP if they deposit own issued bonds or notes with CDP, either at the time of issuance or at any time during the tenor of the bond or note.

B. Costs for Listing of Corporate Bonds and Notes

1. Listing Agent Fee (Optional)

The listing of debt securities in the Singapore market is not mandatory. In case an issuer intends to list their bonds or notes on SGX, whether for trading or profiling only, a listing agent may be appointed, but is not mandated by SGX. The listing agent, if appointed, will submit the Listing Application to SGX on behalf of the issuer (see also Chapter III.I). As a matter of market practice, if an arranger or underwriter is appointed by the issuer, this institution will also typically act as listing agent.

The listing agent function will attract a fee or service charge, which should be expected to follow established market practice and may be subject to commercial negotiations between the issuer and underwriter(s). If the listing agent and arranger or underwriter are the same institution, a combined fee for both types of services may be charged.

2. Listing Fee

In the case of a listing of bonds, notes, or other debt securities denominated in local or foreign currency, and regardless of whether the listing is for trading or profiling only, the following initial fees are payable to SGX upon submission of the Listing Application:

- (i) a fixed fee of SGD15,000 and
- (ii) a nonrefundable processing fee of SGD10,000.

No additional listing fee is payable if the issuer issues additional debt securities under a series or debt program already listed on SGX. SGX does not levy annual fees for the listing of debt

securities on its Main Board or Wholesale Bonds Market. Please refer to the listing fee table on the SGX website for a more complete description.⁷³

C. Ongoing Costs for Issuers of Corporate Bonds and Notes

Resident and nonresident issuers in the Singapore market tend to appoint a commercial bank as the paying agent for their corporate bonds or notes. This service provision is likely to result in charges such as interest payment and redemption fees:

Interest Payment and Redemption Fees

For the processing of an interest payment or redemption for debt securities deposited and settled through CDP, the commercial bank or paying agent is expected to charge a transaction fee on the basis of the number of required payments, and also because each transaction will result in payments through MEPS+ to the Depository Agents holding such debt securities for their respective clients. MEPS+ payment transactions attract a fee that may be absorbed or charged out by the paying agent or the Depository Agent, depending on their service level with their issuer or investor clients, respectively.

In addition, CDP as the central securities depository for corporate debt securities collects a fee for the compilation of the bond- or noteholder list on book-closed date, to be made available to the paying agent for processing.

D. Costs for Deposit and Withdrawal of Bonds and Notes

SGS in the accounts of Primary Dealers and financial institutions with MAS are scripless and cannot be withdrawn from MEPS+ in physical form. At the same time, corporate bonds settled at CDP may be withdrawn as individual certificates as laid out in the Companies (Central Depository System) Regulations, when the depository lodges with the issuer

- (i) documents evidencing title representing the equivalent amount of the book-entry securities requested to be withdrawn and
- (ii) the instruments of transfer duly executed by the depository for the purpose of effecting the transfer of those securities to the depositor or to any person nominated by him.

E. Costs for Account Maintenance

1. Account Maintenance in Monetary Authority of Singapore Enhanced Electronic Payment System

MAS does not charge a maintenance fee on the proprietary and client accounts maintained by Primary Dealers and other financial institutions in MEPS+.

⁷³ Singapore Exchange Ltd. Listing Information. www.sgx.com/listingdebtsecurities

2. Account Maintenance in Central Depository (Pte.) Ltd.

Each subaccount opened by participants attracts a fee of SGD15 per quarter. Other charges may apply for accounts without holdings or specific additional service provision by CDP to the Depository Agent.

CDP charges the fees for all depository accounts to the participant members (brokers and custodians) who maintain these accounts under their nominee name. Brokers and custodians in turn tend to defray these costs as part of their custody or safekeeping charges to their clients.

F. Costs Associated with Bonds and Notes Trading

Brokerage Fees

Licensed bond dealers trading in debt securities charge a brokerage fee or commission on the buying or selling of these securities to their clients, for trades on both SGX and in the OTC market.

Taking effect from 1 October 2000, brokerage rates are fully negotiable for all transactions on SGX. There is no minimum brokerage fee.

In addition, a separate brokerage fee of 0.75%+GST of the contract value per buy-in contract would be applicable in case of transactions in the SGX Buying-In Market, which consists of transactions required to avoid settlement failures of original trades executed on SGX.

G. Costs for Settlement and Transfer of Bonds and Notes

MAS, through its MEPS+, and CDP are the central securities depositories for SGS and corporate bonds, respectively. CDP also acts as a subdepository and settlement agent for SGS held by individual investors, which are traded on SGX.

1. Monetary Authority of Singapore Enhanced Electronic Payment System Transaction Fees

For the settlement of SGS on MEPS+, including for settlements arising from repo transactions, MAS applies transaction-based as shown in Table 6.1.

2. Central Depository (Pte.) Ltd. Transaction Fees

For the settlement of SGS and corporate bonds, CDP applies transaction-based fees as shown in Table 6.2.

As shown above, transfers of debt securities as a result of private repo or SBL transactions attract the same settlement fee.

A comprehensive list of CDP's fees and charges is available on the SGX website.⁷⁴

⁷⁴ Fee schedule available at http://www.sgx.com/wps/portal/sgxweb/home/depository/depository/fee_schedule

Table 6.1: Monetary Authority of Singapore Enhanced Electronic Payment System Transaction Fees

Message Charges	Cost
For every MT202 sent by the Participant or by the Service Provider on behalf of the Participant	SGD1.45
For every MT103/MT103+ sent by the Participant or by the Service Provider on behalf of the Participant	SGD1.45
For every MT940/941/942/950 sent to the Participant	SGD0.20
For every MT527 sent by the Participant or by the Service Provider on behalf of the Participant	SGD1.45
For every MT542 sent by the Participant or by the Service Provider on behalf of the Participant	SGD1.45
For every MT541/543 sent by the Participant or by the Service Provider on behalf of the Participant	SGD1.45
For every MT535/536/537 sent to the Participant	SGD0.20

Time Block Charges	Cost
For every transaction settled on or before 2:30 p.m.	SGD0.00
For every transaction settled on or before 4 p.m.	SGD0.25
For every transaction settled on or before 5:30 p.m.	SGD1.05
For every transaction settled after 3:30 p.m.	SGD3.55

MT = message type, SGD = Singapore dollar.

Notes: MEPS+ operates from 9 a.m. to 7 p.m. on weekdays. MEPS+ transaction fees were last updated on 20 March 2015 and were correct at time of publication of this guide. Fee schedule available at <http://www.mas.gov.sg/Singapore-Financial-Centre/Payment-and-Settlement-Systems/Clearing-and-Settlement-Systems/MEPS/Agreements.aspx>

Source: Monetary Authority of Singapore.

Table 6.2: Transaction Fees of the Central Depository (Pte.) Ltd.

Type of Fee	Fee Amount and Condition
On Exchange Transactions	
Broker–Custodian Settlement	SGD0.50 per settlement instruction
Custodian–Custodian Settlement (DVP)	SGD30 per settlement instruction
Off Exchange (OTC) Transactions	
Debt Securities Settlement Fee	SGD2 per OTC transaction, per side (buyer and seller)
Debt Securities Transfer Fee	SGD2 per SBL, repo transaction, per side (buyer and seller)

DVP = delivery-versus-payment, OTC = over-the-counter, SBL = securities borrowing and lending, SGD = Singapore dollar.

Note: Fees were last updated on 1 June 2014 and valid at the time of publication of this guide.

Source: Central Depository (Pte.) Ltd.

MAS and CDP charge the transaction fees to participant members (Primary Dealers, financial institutions, brokers, and custodians) who in turn tend to defray these costs as part of periodic transaction fees charged to clients.

H. Taxation Framework and Requirements

The Inland Revenue Authority of Singapore (IRAS) administers the tax system in Singapore. It acts as an agent of the government and provides services in administering, assessing, collecting, and enforcing payment of taxes.

Residents and nonresidents investing in Singapore are subject to the following duties and taxes on debt securities, as summarized in Table 6.3. The applicability of and practices for the relevant duties and taxes are explained in the subsequent sections.

Table 6.3: Duties and Taxes on Fixed Income Securities in Singapore

Duties and Tax	Type of Bond	Tax Rate
Corporate income tax	Universal	17%
Corporate income tax (from bond trading activities)	Government	Exempt (Primary Dealers) 5% (for FSI-CM awardholders) 10% (resident non individuals) 12% (for FSI-ST awardholders)
	Corporate	17% 5% (for FSI-CM awardholders) 12% (for FSI-ST awardholders)
Withholding tax	Government	Exempt (QDS)
	Corporate	15% or exempt (QDS)
Capital gains tax	Government	Not applicable
	Corporate	Not applicable
Stamp duty	Government	Not applicable
	Corporate	Not applicable
GST	Universal	7%

FSI-CM = Financial Sector Incentive-Capital Markets Award, FSI-ST = Financial Sector Incentive-Standard Tier award, QDS = Qualifying Debt Securities, GST = Goods and Services Tax.

Source: Compiled by ADB Consultants for SF1 from public domain sources.

1. Corporate Income Tax

Resident companies are taxed in Singapore on income accruing in and derived in Singapore. From assessment year 2010, the rate of corporate income tax is 17%.

Income derived by Primary Dealers from trading SGS is tax-exempt. Financial institutions may enjoy concessionary tax rates on income from trading in debt securities and fees income from providing services relating to Qualifying Debt Securities (QDS), depending on the Financial Sector Incentive awards they hold.

2. Withholding Tax

A withholding tax is imposed on interest paid to non-Singapore tax residents. The withholding tax rate is 15% (a final tax) for interest earned by non-Singapore tax residents not engaged in business in Singapore or having a permanent establishment in Singapore.

At the same time, SGS issued during the period 28 February 1998 to 31 December 2018 are exempt from withholding tax. The government has announced the extension of the period for tax incentives for the debt market for an additional 5 years until 31 December 2018 for the QDS and QDS Plus schemes (see also Chapter X).

Interest earned by nonresidents from deposits with an approved Singapore bank is free from withholding tax.

3. Capital Gains Tax

There is no capital gains tax for listed and traded fixed income securities in Singapore, although gains from certain transactions may be deemed as revenue in nature and subject to corporate income tax.

4. Stamp Duty

There is no stamp duty applicable to transactions in debt securities in Singapore.

5. Goods and Services Tax

In principle, all fees and charges for services provided by intermediaries in the Singapore bond market to their resident market participants and investors are subject to GST.

Nonresidents do not pay GST; hence, invoices to foreign issuers and investors for service provisions by domestic bond market institutions do not include GST on such services.

6. Double Taxation Agreements

Avoidance of Double Taxation Agreements, commonly referred to as DTAs, are treaties signed between Singapore and other countries, which serve to prevent double taxation of income earned by investors. A DTA also makes clear the taxing rights between Singapore and its treaty partners on different types of income arising from cross-border economic activities between the two jurisdictions. DTA agreements provide for reduction or exemption of tax on certain types of income. Singapore has DTAs with 76 countries.⁷⁵

A DTA applies to persons and corporations who are residents of the contracting states and applies to direct taxes: personal income tax and corporate income tax. Indirect taxes such as GST are not covered by a DTA.

⁷⁵ For more details, refer to the IRAS website at <https://www.iras.gov.sg/irashome/Individuals/Foreigners/Learning-the-basics/Basic-Guide-for-New-Individual-Taxpayers-Foreigners/Claiming-Exemption-Under-Tax-Treaties/>

7. Tax Reclaim for Nonresident Investors

Nonresident investors can directly file for a tax reclaim from IRAS, depending on the DTA (see above) rates, or may utilize the services of their market intermediaries in Singapore. IRAS has already put in place an efficient tax reclaim process.

If in doubt, investors are encouraged to seek the advice of professional tax advisors with regard to their own specific tax situation.

Market Size and Statistics

The original ASEAN+3 Bond Market Guide was published in April 2012 and included 11 pages of Singapore bond market statistics, including historical data such as bond holdings, bondholder distribution, outstanding amounts, and trading volumes. Not surprisingly, this data became stale soon after publication.

Since the ASEAN+3 Bond Market Guide is most likely to be updated on a biannual basis, it is not the best channel for the dissemination of market statistics. Hence, a chapter comprising bond market statistics has been discontinued and replaced with a list of recommended sources for detailed, accurate and current information on the Singapore bond market. These sources are listed below in alphabetical order:

- *AsianBondsOnline* (an ASEAN+3 initiative led by ADB)
<http://www.asianbondsonline.adb.org/singapore.php>
 - Market-at-a-Glance
 - Data (yields, indicators, and ratings, including historical data)

- Singapore Exchange Ltd.
http://www.sgx.com/wps/portal/sgxweb/home/marketinfo/market_statistics
 - Fixed income statistics by volume and value
 - Top 20 Gainers and Losers (Daily)
 - Traded Prices (Daily)
 - Retail bonds and exchange-traded Singapore Government bonds
 - Market summary and statistics

- Singapore Government Securities
<http://www.sgs.gov.sg>
 - Issuance calendar
 - Statistics (prices, outstanding, and turnover, including historical data)
 - Bond and bill announcements
 - Auction results
 - Links to Department of Statistics, Ministry of Finance websites

- Singapore Savings Bonds
<http://www.sgs.gov.sg/savingsbonds>
 - Product Information
 - Purchase and Redemption
 - Important Dates
 - FAQs and Announcements

The Singapore Islamic Bond Market

A. Development of Islamic Finance in Singapore

Singapore started to develop Islamic finance in 2004, with the aim of leveraging its strengths in wholesale banking, insurance, asset management, and capital markets to support the development of Islamic finance, alongside conventional financial services.

Singapore adopted a broad-based approach to strengthen the foundation of the Islamic finance industry, including participating in global regulatory standards development for Islamic finance, capacity building, and talent development. To create a level playing field with conventional financial services, MAS, as the integrated financial regulator, has ensured the neutrality of its rules insofar as Islamic financing is similar to conventional financing in economic substance and risks.

MAS has been participating in international Islamic financial organizations to build capabilities and contribute to developmental and standard setting initiatives for the industry. MAS is a council member of the Islamic Financial Services Board involved in the standard setting and industry developmental work. In 2009, Singapore became the first East Asian country to host the IFSB Summit. Since 2012, MAS has worked with the International Islamic Financial Market to organize a seminar on capital market developments, and hedging and risk management practices in Islamic finance alongside the World Islamic Banking Conference Asia Summit, which has been held in Singapore since 2010.

Building Islamic finance expertise is crucial to the continued growth of the industry. MAS' financial training schemes cover Islamic finance courses. Specialized postgraduate courses in Islamic finance are eligible for funding under the MAS Finance Scholarship Programme. The Singapore Management University's International Islamic Law and Finance Initiative seeks to carry out research and develop thought leadership in Islamic law and finance, in collaboration with institutions in Indonesia, Malaysia, and the United Kingdom. Singapore Management University also offers a Masters in Islamic Law and Finance and graduated its third cohort of students in 2015.

Based on these efforts, the range of Islamic financial instruments in Singapore has expanded since 2001 when the market saw the first issuance of *sukuk*. In addition, financial institutions from the region are contributing to the Islamic finance sector in Singapore, bringing with them experience and expertise from their home countries, while a growing cluster of banks from the Middle East operating in Singapore has begun to offer Islamic financial services, channeling the expectation for strong growth potential for Islamic finance in Singapore. Recognizing the growing connectivity between Asia and the Middle East, Singapore has concluded a comprehensive free trade agreement with the Gulf Cooperation Council, which recognizes Islamic finance in the definition of financial services.

B. Regulatory Approach for Islamic Finance

MAS' banking regulatory framework applies to both conventional and Islamic banking, including conventional banks offering Islamic banking services and products through windows. As part of the single regulatory framework, a bank carrying out Islamic banking activities will be required to comply with the same set of rules and regulations as any other bank in Singapore. The Guidelines on the Application of Banking Regulations to Islamic Banking issued in April 2010 covered MAS' approach to the regulation of Islamic banking in Singapore.

For the securities market, MAS has adopted the same approach, in that both Islamic finance and conventional debt issuance are treated in the same manner and with the same approvals and requirements, as may be applicable. Shariah-compliant bond sales have been allowed in Singapore since 2001.

As a prudential regulator, MAS does not prescribe what constitutes Shariah compliance nor endorse specific Shariah rulings. Nevertheless, MAS expects Islamic banks and the issuers of Islamic finance instruments to take into account Shariah compliance and to manage compliance risk as part of their overall risk management process.

MAS continues to review its regulatory regime to facilitate the offering of Islamic financial services so that these can be offered as part of a full suite of financial services available in Singapore's financial center.

C. Sukuk Issuance in Singapore

Both the government and private firms issue *sukuk* in Singapore. In 2009, Singapore became the first country with a AAA credit rating to issue sovereign *sukuk* and MAS remains the only conventional central bank to have done so. Since then, Islamic capital-raising has taken off, with 35 *sukuk* issuances through the end of 2014. Singapore features more *sukuk* issuances than other conventional jurisdictions, with total outstanding *sukuk* reaching SGD4.2 billion.

MAS established its Singapore Dollar Sukuk Facility on 19 January 2009 to provide sovereign-rated SGD-denominated *sukuk*—the Islamic equivalent of SGS—to meet the regulatory needs of financial institutions conducting Shariah-compliant activities in Singapore. Issuance is on a reverse enquiry basis, which means that the size, price, and timing are flexible and any financial institution offering Islamic finance services in Singapore can tap on this revolving facility. MAS *sukuk* are included in the calculation of capital and liquidity requirements for banks in Singapore and accepted as collateral at the Standing Facility, a part of MAS money market operations for liquidity management of the participating banks. There have been eight issuances totaling SGD600 million, all with a 1-year maturity, with the most recent issuance in November 2014 being the largest so far.

The first *sukuk* issued in Singapore was in 2001 by the Majlis Ugama Islam Singapura (MUIS) for SGD25 million and was based on *musharakah* (partnership structure). By doing so, MUIS had pioneered the use of *sukuk* to finance the development of *wakaf* (Islamic endowment) properties. MUIS subsequently issued a second *musharakah sukuk* for SGD35 million in 2002 and a SGD29 million *ijarah sukuk* (leasing) in 2009.

There have also been other notable *sukuk* issuances in Singapore. Sabana Real Estate Investment Trust (Sabana REIT) issued a SGD80 million convertible *sukuk* in 2012 based on a unique combination of *wakalah* (portfolio), commodity *murabahah* (commodity sale), and *ijarah* (leasing) structures. This was also the first convertible *sukuk* globally since 2009. The following year, Sabana REIT established a SGD500 million multicurrency corporate *sukuk* program using a *wakalah* and commodity *murabahah* structure.

Malaysia's Khazanah Nasional issued a SGD1.5 billion *wakalah murabahah sukuk* in 2010; it remains the largest SGD-denominated *sukuk*. Khazanah subsequently issued a SGD600 million convertible *sukuk* based on their assets in the Singapore health industry. The Islamic Development Bank held a SGD200 million private placement in 2012 as part of its global multicurrency *sukuk* program. Singapore-listed companies First Resources and Bumitama Agri have also issued *sukuk* in Malaysia to tap the liquid Malaysian ringgit market.

Property developer City Development launched the first corporate *sukuk* program in 2009 for SGD1 billion based on the *ijarah* structure. Since then other SGD-denominated and multicurrency corporate *sukuk* programs have been established by Sabana REIT (the largest Islamic REIT globally in terms of listed assets), offshore marine services companies Swiber and Vallianz, and Singapore-listed Indonesian oil palm companies First Resources and Bumitama Agri. Most of the programs are based on the *wakalah* structure, with the First Resources *sukuk* program based on the *musharakah* structure.

D. Infrastructure for *Sukuk*

There is no distinction between market infrastructure for *sukuk* and conventional debt securities in Singapore. *Sukuk* are typically traded OTC, but may also be listed on SGX. Trades may be cleared and settled via CDP at the issuer's discretion.

Singapore Bond Market Challenges and Opportunities

This chapter discusses some of the real or perceived challenges facing the Singapore bond market and its participants, and describes the mitigating factors and/or market developments that could address these challenges in an appropriate manner.

A. Challenges in the Singapore Bond Market

Previously noted challenges in the Singapore bond market include the limited issuer base, in particular with regard to debt instruments denominated in Singapore dollars, and a fairly narrow group of investors in these instruments. MAS has in the past few years spearheaded a number of initiatives to increase the issuer base; provide more types of debt securities and different tenors; and increase the number and types of investors in, and their access to, the Singapore bond market.

However, issuers, investors, and other market participants continue to refer to a number of remaining challenges, not unlike in other markets.

1. Buy-and-Hold Investor Mind-set

Due to the high quality of SGS, and also of issuances by GLCs, the attraction of these debt securities for investors lies in their safe nature. Hence, issuances of such instruments are often bought and held to maturity by investors with a prudential mandate (e.g., asset managers and insurance companies). Statutory boards, which manage their own reserves, also demand such safe investments.

At the same time, financial institutions based and regulated in Singapore, including the branches of foreign financial institutions, are able to hold a certain proportion of their reserve requirements in SGS T-Bills and MAS bills, which makes these instruments especially attractive to these investor types, at the expense of the wider market.

2. Limited Supply Affecting Repo Market

According to market participants, the corresponding lack of supply of SGS in the market also limits volume in the private repo market in Singapore. While repo is accepted as an efficient way for institutions to obtain short-term funding, the challenge is often to obtain or hold the instruments eligible as collateral. Convincing asset owners of the benefits of lending SGS and other eligible debt securities is one way of addressing this challenge, but it is also a challenge in its own right.

At the same time, repo transactions actively occur between MAS and Primary Dealers. In this context, MAS has widened the eligibility criteria of acceptable collateral to also include foreign-currency-denominated debt instruments specified in Cross Border Collateral

Arrangements between MAS and foreign central banks.⁷⁶ MAS also started issuing MAS bills from 2011 to provide an additional high-quality instrument for money market operations and overall financial market liquidity.

3. Singapore Financial Reporting Standards

Research by ABMF indicates that issuers, intermediaries, and listing places in ASEAN+3 are spending considerable energy on mapping and understanding financial reporting standards in each other's jurisdictions, in anticipation of an increase in cross-border bond issuance and investment activities in the region. ABMF's research also proved that the treatment and disclosure of relevant information is often the same or very similar, particularly with relevance for a bond or note issuance.

At the same time, however, it was found that the financial reporting standards in some markets have not yet fully adopted the International Financial Reporting Standards (IFRS).⁷⁷ This can result in issuers aiming to list or profile list their bonds or notes in specific listing places needing to convert their financial reporting information into a format acceptable to such a listing place, if their domestic financial reporting standard has not converged with IFRS.

Singapore has adopted most, but not all, IFRS and has made several modifications to the IFRS that it has adopted. The standards are known as the Singapore Financial Reporting Standards. A time line for full convergence has not yet been announced.⁷⁸

The issuance of bonds or notes to Accredited or Institutional Investors in Singapore does not require the issuer to lodge and register a prospectus with MAS and, hence, documentation and disclosure items, including acceptable accounting and financial reporting standards, may be negotiated and agreed between the issuer and investors. At the same time, for the listing for trading or for profiling of debt securities on its markets, SGX accepts a number of financial reporting standards, including IFRS, the Singapore Financial Reporting Standards, and the United States Generally Accepted Accounting Principles.

Hence, there should be no challenge stemming from financial reporting standards for most, if not all, issuers seeking to issue or list their bonds or notes in Singapore.

B. Opportunities in the Singapore Bond Market

1. General Regulatory Environment

Since the global financial crisis, regulators around the world have been strengthening laws and regulations across many areas of the capital and financial markets. Of particular interest have been banking regulations and a focus on risk-weighted capital. The outcome for financial markets include a limitation of what banks can or are willing to lend, to whom, and

⁷⁶ See <http://www.mas.gov.sg/monetary-policy-and-economics/central-bank-operations-and-liquidity-management/mas-standing-facility.aspx>

⁷⁷ ABMF published its Phase 2 Report in April 2014, *Proposal on ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)*, which included in its appendixes an overview of financial reporting standards in ASEAN+3, in relation to IFRS. The report is available at <http://www.adb.org/publications/proposal-asean3-multi-currency-bond-issuance-framework-ambif>

⁷⁸ The IFRS application profile for Singapore is available from the IFRS website at <http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/Singapore-IFRS-Profile.pdf>

under what circumstances. A number of these regulatory initiatives may, in consequence, lead to a rebalancing of funding options in the corporate sector from bank loans to the capital markets.

While not unique to any particular market, this development might positively influence the interest of potential issuers—both domestic and international—to consider raising funds via a bond or note issuance, to diversify their debt portfolio, and/or to profile list their debt securities in Singapore.

2. ASEAN+3 Multi-Currency Bond Issuance Framework

The implementation of AMBIF (see also Chapter X) is expected to benefit not only AMBIF issuances, but the Singapore bond market at large. Singapore's policy bodies and regulatory authorities are focused on finding a suitable balance between bank loan and capital market funding opportunities for corporates. AMBIF has been created to provide an additional bond or note issuance avenues for these corporates. AMBIF in Singapore focuses on the issuance of private placements to Accredited and Institutional Investors (professional investors under the law), coupled with the increasingly popular listing of said bonds or notes on the Wholesale Bonds Market at SGX, to ensure visibility for the issuer and issue, and a well-defined continuous disclosure acceptable to professional investors.

On the other hand, the nature of AMBIF and its specific limitation to professional investors is likely to attract the attention and opportunity to invest in AMBIF bonds and notes from additional institutional (professional) investor types in Singapore and from other regional markets.

3. Singapore Exchange as Bond Trading Hub

A new opportunity for the Singapore bond market and the regional markets as well is seen in the introduction of the SGX Bond Pro trading platform (see Chapter X), which will offer the benefits of a central marketplace—such as easily available quotes, large numbers of participants, and market-making activities—to the OTC bond market. Starting with G3 currency bonds and notes, SGX Bond Pro is expected to also trade debt instruments issued in ASEAN currencies in due course.

4. Growth of Islamic Finance Market

The global Islamic finance industry has been on an upward trajectory in the past decade, with total assets exceeding USD2 trillion in 2014, up from USD700 billion in 2005. Most of this demand stems from the Middle East and Asia.

The increasing wealth accumulation in the Middle East is expected to expand the pool of Islamic funds seeking diversification into foreign investments, while Asia is expected to be a key investment destination, which will in turn increase the demand for Shariah-compliant assets in Asian markets, including Singapore. Reflecting this trend, Gulf Cooperation Council banks have already been expanding their operations in Singapore in recent years to support the deployment of Islamic funds to corporates in the region through Islamic bank financing and *sukuk* issuances (see also Chapter VIII). Singapore's market has seen a steady increase in Islamic finance activities.

At the same time, there is scope to extend Islamic finance solutions to meet infrastructure financing needs in Asia and in the Middle East. In particular, ADB has been working with

the Islamic Development Bank to provide Islamic infrastructure financing solutions to their member countries in these two regions. This could spur the use and issuance of *sukuk* to fund some of Asia's infrastructure needs while tapping a growing pool of Islamic investors across the Middle East and Southeast Asia. The asset-backed nature of Islamic finance makes *sukuk* ideal for financing of infrastructure projects and would complement ongoing efforts by the government to enhance the bankability of infrastructure projects in the region and involve more capital market participants.



Recent Developments and Future Direction

A. Recent Major Developments

Recent major developments are considered those that occurred or have been announced in the Singapore market since the first publication of the Singapore Bond Market Guide in April 2012.

1. Extension of the Benchmark Yield Curve

Since the introduction of 20-year issuances in 2007, MAS has taken steps to further increase liquidity in SGS and extend the SGS benchmark yield curve. This led to the introduction of 30-year SGS benchmark bonds in 2012, which established a liquid reference benchmark for corporate issuance that is more closely aligned with that of other developed markets, and, at the same time, addressed insurers' pent-up demand for longer maturity bonds.

2. Introduction of Mini-Auctions

MAS introduced mini-auctions in 2015 to address unexpected increases in demand for bonds outside the annual issuance calendar. Mini-auctions are reopenings of SGS bonds with a maximum size of SGD1 billion. Unlike normal auctions, should MAS decide to conduct a mini-auction, it will announce the bond to be reopened 1 month before its issuance date. The possible dates of mini-auctions are published in the issuance calendar.

3. Enhancements and Extension of Qualifying Debt Securities Scheme

The QDS and QDS Plus schemes were introduced to promote the development of Singapore's debt market, and were further enhanced and extended with effect from June 2013 and January 2014, respectively.

Qualifying income derived by investors from debt securities that qualifies under the QDS or QDS Plus schemes may be tax exempt or offered a concessionary tax rate. Both the QDS and QDS Plus schemes, which were due to expire on 31 December 2013, were extended for another 5 years to 31 December 2018 (see Chapter VI.G).⁷⁹

With effect from 28 June 2013, the QDS Plus scheme was refined to allow debt securities with standard early termination clauses to qualify under the QDS Plus scheme at the point of issuance.

QDS had to be issued or "substantially arranged" by an approved bond intermediary or any Singapore financial institution (then called FSI awardholders) under the FSI. The original FSI

⁷⁹ As reported in KPMG Services. 2013. *KPMG Tax Alert*. August. <https://www.kpmg.com/SG/en/IssuesAndInsights/tax/taxalert-201318.pdf>

categories relevant for the securities market were consolidated into the FSI-Capital Markets award category with effect from January 2014.

In addition, effective January 2014, the substantially arranged condition was revised for debt securities issued during the qualifying period (1 January 2014 to 31 December 2018) under a program, such program must be wholly arranged by FSI-Capital Markets awardholders. Other qualifying conditions may apply.

SGS, including MAS bills, are considered Qualifying Debt Securities.

4. Association of Southeast Asian Nations Disclosure Standards Scheme

With effect from 1 April 2013, MAS, together with the securities market regulators in Malaysia and Thailand, implemented the ASEAN Disclosure Standards Scheme for multi-jurisdictional public offerings of equity and plain debt securities in ASEAN.

The scheme aims to facilitate fund-raising activities as well as to enhance investment opportunities within ASEAN capital markets. Issuers offering equity and plain debt securities in multiple jurisdictions within ASEAN will only need to comply with one single set of disclosure standards for prospectuses, known as the ASEAN Disclosure Standards, and bringing about greater efficiency and cost savings to issuers. The scheme is benchmarked against the International Organization of Securities Commissions' disclosure standards on cross-border offerings.⁸⁰ In addition, it fully adopts the IFRS and the International Standards on Auditing.⁸¹

The ASEAN Disclosure Standards Scheme operates on an opt-in basis, with ASEAN members adopting it when they are ready to do so. Singapore was among the first ASEAN jurisdictions to implement the scheme.

5. Asian Capital Market Forum Facilitates Cross-Border Fund-Raising and Investments

MAS and SGX jointly signed a memorandum of understanding with the Securities Commission Malaysia and the Securities and Exchange Commission, Thailand to establish a Streamlined Review Framework for the ASEAN Common Prospectus drafted based on the ASEAN Disclosure Standards. The framework, which is an initiative under the ACMF Implementation Plan endorsed by the ASEAN Finance Ministers, will facilitate cross-border offerings of equity securities and plain debt securities in ASEAN.⁸²

This initiative, which is aimed at publicly offered securities, is expected to stimulate cross-border investment into debt securities of the participating markets since investors will find the single, standardized disclosure documentation helpful.

6. Covered Bonds as a New Category of Debt Instruments

In order to allow locally incorporated banks in Singapore to diversify their funding sources and broaden their long-term funding tools, MAS issued regulations in December 2013 to

⁸⁰ See <http://www.iosco.org/about>

⁸¹ See <http://www.ifac.org>

⁸² Adapted by ABMF SF1 Consultants from <http://www.mas.gov.sg/News-and-Publications/Media-Releases/2015/Facilitating-Cross-Border-Capital-Raising-in-ASEAN.aspx>

allow the issuance of covered bonds by these banks. The regulations were further revised in June 2015 following industry consultation.

DBS Bank announced in June 2015 that it has established a covered bond program. Under the program, DBS Bank may issue up to USD10 billion of covered bonds in various currencies. In July 2015, DBS Bank priced its issue of USD1 billion (SGD1.36 billion) fixed-rate covered bonds due in 2018. The inaugural issuance of covered bonds by DBS Bank makes Singapore one of the first jurisdictions in Asia and the Pacific with covered bond issuances.

B. Future Direction

A number of significant developments in the Singapore bond market have been announced since 2014, with effect from the second half of 2015, and are expected to have a beneficial impact on the Singapore bond market and, possibly, the region's bond markets at large.

1. Singapore Exchange Ltd. Bond Pro

In November 2014, SGX announced its intention to launch a bond trading platform. To drive this initiative, the first of its kind focused on Asian bonds, SGX formed a new subsidiary, SGX-BT, that will initially trade Asian corporate bonds in G3 currencies. Asian local currency bonds are to follow. SGX Bond Pro went live on 10 December 2015.

The platform was developed in close consultation with the industry and aims to become an Asian Liquidity Center for both high-yield and investment-grade corporate bonds. SGX maintained a steering committee with senior representatives of 32 leading Asian fixed-income dealers and investors until the launch of the platform to address the needs of Asian bond market participants.

SGX has signed a long-term contract with electronic trading solutions provider TradingScreen as the technology platform provider and is working with the industry to develop end-to-end automation to make trading in these instruments more efficient.

For further details on SGX Bond Pro, please refer to Chapter IV in this bond market guide.

2. Introduction of Singapore Savings Bonds

On 11 May 2015, MAS released detailed information on the proposed issuance of Singapore Savings Bonds. MAS issued the first Savings Bond in October 2015.

Singapore Savings Bonds are a new type of SGS designed to offer individuals a long-term, flexible savings option with safe returns. They will provide individuals with more options to save and invest to meet their long-term financial needs.

An individual CDP securities account with direct crediting service will allow Savings Bond payments to be made directly to an individual's direct crediting service-linked bank account. Individuals need to be at least 18 years old to open an individual CDP Securities account.

A new Savings Bond will be issued monthly. Applications for each Savings Bond issue will open on the first business day of each month and close 4 business days before the end of

the month. Requests to redeem existing bonds can be made during the same period. All application and redemption requests will be processed 3 business days before month's end. Savings Bonds will be issued on the first business day of the next month and redemption proceeds will be processed by the second business day.

Applications and redemption requests must be made in multiples of SGD500, and Savings Bonds will only be available for purchase using cash. Individuals will be able to apply for each Savings Bond issue with as little as SGD500, and up to SGD50,000. In addition, individuals will be able to hold up to SGD100,000 of Savings Bonds at any point in time.

For more up-to-date information on Savings Bonds, please refer to the latest announcement on the MAS website,⁸³ and visit the dedicated Savings Bonds website.⁸⁴

3. Seasoning and Exempt Bond Issuer Frameworks

In 2016, MAS and SGX will be introducing a Seasoning Framework and Exempt Bond Issuer Framework to enhance retail investors' access to corporate bonds.

Under the Seasoning Framework, wholesale bonds initially offered to Institutional and Accredited Investors by issuers who satisfy specified eligibility criteria (e.g., size, a listing track record, and strong credit profile) can be redenominated into smaller lot sizes after a 6-month seasoning period and made available to retail investors via secondary trading on SGX. In addition, such eligible issuers can offer to retail investors, without a prospectus, additional bonds with the same terms (except for price, original tenor, size, and date of issuance). The issuer instead provides a product highlights sheet and the offer document that was furnished to the institutional and accredited investors during the initial offer of the wholesale bonds.

Under the Exempt Bond Issuer Framework, issuers who satisfy the eligibility criteria at higher thresholds can offer bonds directly to retail investors without a prospectus. Instead, the issuer provides a simplified disclosure document and product highlights sheet to retail investors. Retail investors will therefore be able to acquire bonds directly from such eligible issuers at the onset.

4. ASEAN+3 Multi-Currency Bond Issuance Framework

The introduction of AMBIF in the region's markets in 2015 signaled another opportunity for bond or note issuance activities in the Singapore market. Potential issuers have identified Singapore as one of the markets of interest, particularly with regard to the listing for profiling of bonds, notes, and programs issued in the ASEAN+3 region.

Aimed particularly at the issuance or offer for sale or subscription of bonds and notes to Accredited or Institutional (professional) Investors in Singapore, AMBIF encourages domestic and regional issuers to take advantage of MAS' light-touch regime in Singapore (see Chapter II.F), as well as streamlined issuance approval processes in other regional markets. For additional information on AMBIF, please refer to Chapter IX.5.

⁸³ See <http://www.mas.gov.sg/news%20and%20publications/media%20releases/2015/launch%20of%20the%20singapore%20savings%20bond%20programme.aspx>

⁸⁴ See <http://www.sgs.gov.sg/savingsbonds>

The key advantage of AMBIF lies in the ability of regional issuers to tap multiple markets, including Singapore, and cover both issuance and listing approval processes. This additional issuance avenue is seen as offering an alternative for corporate issuers to issue bonds and notes across markets instead of, or in addition to, relying on other forms of funding.

5. Fostering the Growth of an Active Secondary Market

A deep and liquid secondary market is crucial for a functional debt capital market with transparent and reliable prices within a stable financial system. However, a confluence of regulatory reforms, central bank operations, and dealer activity has led to a reduction in liquidity, especially in the corporate bond market.

MAS is monitoring the changing landscape of the secondary market as the role of market participants shifts and the drive toward electronic trading gathers pace. MAS is also reviewing measures which can create a market environment with increased trading liquidity.

Appendix 1

Group of Thirty Compliance

The Group of Thirty recommendations were originally conceived as the group's Standards on Securities Settlement Systems in 1989, detailing in a first-of-its-kind report nine recommendations for efficient and effective securities markets covering legal, structural and settlement process areas. The recommendations were subsequently reviewed and updated in 2001, under the leadership of the Bank for International Settlements, and through the efforts of a joint task force of the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions. Compliance with the Group of Thirty recommendations in individual markets is often an integral part in securities industry participants' and intermediaries' due diligence process.

Table A1: Group of Thirty Recommendations—Compliance for Singapore

Recommendation		Implemented
1	Eliminate paper and automate communication, data capture, and enrichment.	No
2	Harmonize messaging standards and communication protocols.	Yes. We are currently using ISO15022 for our securities messaging.
3	Develop and implement reference data standards.	Yes. We use common data standards such as ISIN and SWIFT BICs. This is only valid for MEPS+ of MAS; SGX/CDP uses a prop standard that is largely based on ISO but still requires specially formatted messages between participants and CSD.
4	Synchronize timing between different clearing and settlement systems and associated payment and foreign exchange systems.	No
5	Automate and standardize institutional trade matching.	Yes
6	Expand the use of central counterparties.	Yes. However, there are classes of financial instruments not yet cleared through a CCP.
7	Permit securities lending and borrowing to expedite settlement.	Yes. Currently, there are 173 securities in the lending pool with the central depository.

continued on next page

Table A1 continued

Recommendation		Implemented
8	Automate and standardize asset servicing processes, including corporate actions, tax relief arrangements, and restrictions on foreign ownership.	Corporate actions: No. Taxation: No. Foreign ownership restrictions: No.
9	Ensure the financial integrity of providers of clearing and settlement services.	Yes
10	Reinforce the risk management practices of users of clearing and settlement service providers.	Yes
11	Ensure finals, simultaneous transfer and availability of assets.	No
12	Ensure effective business continuity and disaster recovery planning.	Yes
13	Address the possibility of failure of a systematically important institution.	No
14	Strengthen assessment of the enforceability of contracts.	Yes
15	Advance legal certainty over rights to securities, cash, or collateral.	Yes
16	Recognize and support improved valuation methodologies and closeout netting arrangements.	No
17	Ensure appointment of appropriately experienced and senior board members (of the boards of securities clearing and settlement infrastructure providers).	Yes
18	Promote fair access to securities clearing and settlement networks.	Yes
19	Ensure equitable and effective attention to stakeholder interests.	Yes
20	Encourage consistent regulation and oversight of securities clearing and settlement service providers.	Yes

BIC = Business Identification Code, CCP = central counterparty, CSD = central securities depository, CDP = Central Depository (Pte.) Ltd., ISIN = International Securities Identification Number, ISO = International Organization for Standardization, MAS = Monetary Authority of Singapore, MEPS+ = MAS Electronic Payment System, SWIFT = Society for Worldwide Interbank Financial Telecommunication, SGX = Singapore Exchange Ltd.
Source: Group of Thirty. 2003. *Global Clearing and Settlement—A Plan of Action*. <http://newsite.group30.org/publications/detail/123>

Appendix 2

Practical References

For easy access to further information about the market features described in the Singapore Bond Market Guide—including information on the policy bodies, regulatory authorities, and securities market-related institutions—interested parties are encouraged to utilize the following links (all websites available in English):

AMBIF Implementation Guideline for Singapore
<http://tinyurl.com/AMBIF-Impl-GL-for-SIN>

AMBIF—Single Submission Form (as supported by Singapore regulatory authorities and market institutions)
<http://tinyurl.com/AMBIF-Single-Submission-Form>

AsianBondsOnline (ADB)
<http://asianbondsonline.adb.org/singapore.php>

Asia Securities Industry & Financial Markets Association (ASIFMA)
<http://www.asifma.org>

Central Depository Pte. Ltd.
http://www.sgx.com/wps/portal/sgxweb/home/depository/depository/introduction!/ut/p/a1/04_Sj9CPykssy0xPLMnMz0vMAfGjzOKNHB1NPAycDSwN3E2cDTxDXQz9fAO8DQz8jYAKIoEKDHAARwNC-sP1o9CUWBiZA5UEBQeberoZGxgYoSvwDzUEKXAKNH EKczX0djTDUBBmAFlg7xQcHBZmGOhqDFWax5EFuREGmZ7pigC2rMOS/dl5/d5/L2dBISEvZ0FBIS9nQSEh/

Monetary Authority of Singapore
<http://www.mas.gov.sg>

Monetary Authority of Singapore—Singapore Bond Market Guide (2011)
www.sgs.gov.sg/~media/SGS/MAS_SBondMarketGuide_2012.pdf

Singapore Exchange—General (website also available in Chinese)
<http://www.sgx.com>

Singapore Exchange—Fixed Income Product Page
http://www.sgx.com/wps/portal/sgxweb/home/products/fixed_income

Singapore Exchange—Listing of Debt Securities
www.sgx.com/listingdebtsecurities

Singapore Government Securities (hosted by MAS)
<http://www.sgs.gov.sg>

Appendix 3

Glossary of Technical Terms

Accredited Investors	Definition of Professional Investor type based on specific eligibility criteria set out in the Securities and Futures Act
Fidelity Fund	Term for compensation fund of Singapore Exchange (SGX)
Information Memorandum	Synonymous with Offering Memorandum; term typically used for key documentation for a private placement mainly to professional investors
Institutional Investors	Definition of Professional Investor by investor type
Listing	Typically, action of submitting a bond or note issue to an exchange for the purpose of price finding, disclosure, or profiling
Lodgement	In Singapore, action of submitting a prospectus to the Monetary Authority of Singapore (MAS) to be registered in case of an offer of bonds or notes to the public
Offering Memorandum	Synonymous with Information Memorandum; term typically used for key documentation for a private placement mainly to professional investors
Primary Dealer	Securities firm or financial institution appointed by MAS to subscribe to primary issues of Singapore Government Securities
Prospectus	Term used for the key disclosure document in public offers of securities
Registration	Action of registering a prospectus by MAS for a public offer bond issue
Seasoning	Term used by MAS and SGX to describe the making available of bonds and notes initially offered only to Accredited and Institutional Investors to retail investors after a 6-month period
Shariah	Islamic law
<i>sukuk</i>	Islamic bond or note
Wholesale Bonds	Profile listing feature on SGX; also used as summary term for bonds and notes aimed at Professional Investors
Underwriter	Securities firm licensed by MAS or financial institution empowered under the Banking Act to buy bond or note issues from the issuer and distribute (onward sell) to the target investors

ASEAN+3 Bond Market Guide 2016 Singapore

The Singapore bond market has become one of the most developed open capital markets in Asia with over US\$221 billion in total local currency bonds outstanding with an additional US\$53 billion of bonds outstanding. The Singapore Bond Market Guide is an outcome of the support and contributions of ASEAN+3 Bond Market Forum members and experts, particularly from Singapore, while the ASEAN+3 Bond Market Guide as a whole is a comprehensive explanation of the region's bond markets. This report should be recognized as a collective good to support bond market development among ASEAN+3 members.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to half of the world's extreme poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

