III

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:

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[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

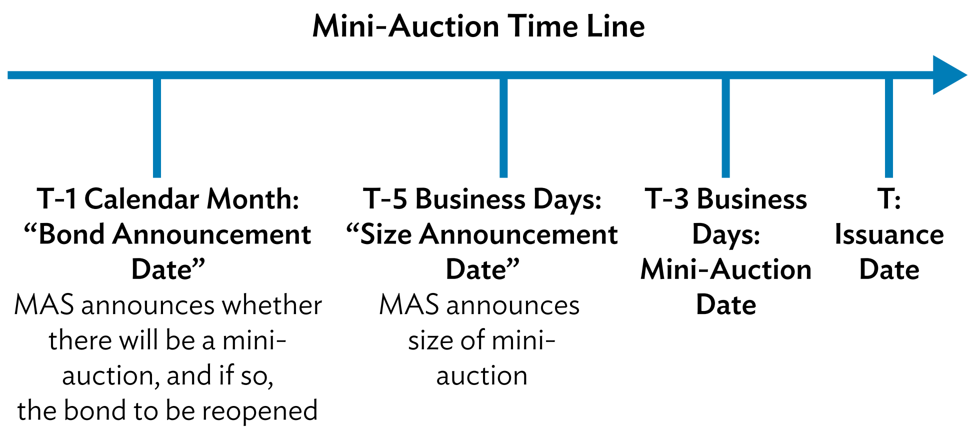
Auction Format	Uniform pricing
Bids	Yield basis
Admission	All entities and individuals (including nonresidents)
MAS Participation	Yes (noncompetitive only)
Competitive Bids	
Maximum number of bids	Unconstrained
Maximum allotment	(Includes noncompetitive bids)
- Primary Dealer	30% of issue on offer per applicant
- Non-Primary Dealer	15% of issue on offer per applicant
Noncompetitive Bids	Maximum 40% of issue size; prorated if necessary
Maximum allotment	1% of issue on offer per applicant
- 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.

Figure 3.1: Time Line for Singapore Government Securities Mini-Auctions



MAS = Monetary Authority of Singapore.
Note: If MAS decides not to conduct a mini-auction, it will make the announcement on the same day, which is 1 month before what would otherwise have been the issuance date.
Source: Singapore Government Securities. Mini-Auctions. http://www.sgs.gov.sg/The-SGS-Market/SGS-Mini-Auctions.aspx

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.

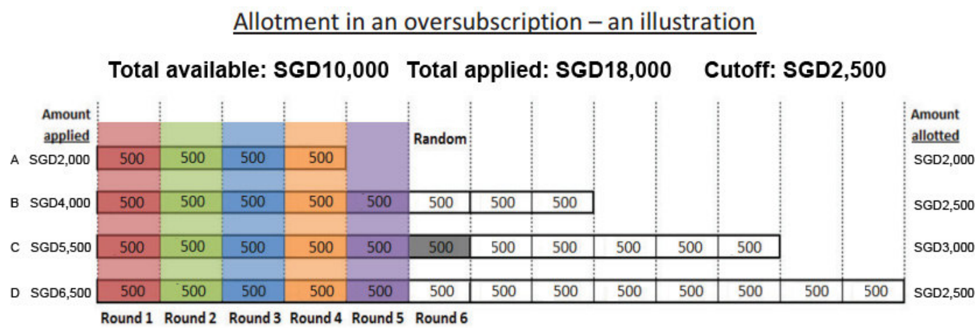
2. Singapore Savings Bonds

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?rbid=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]

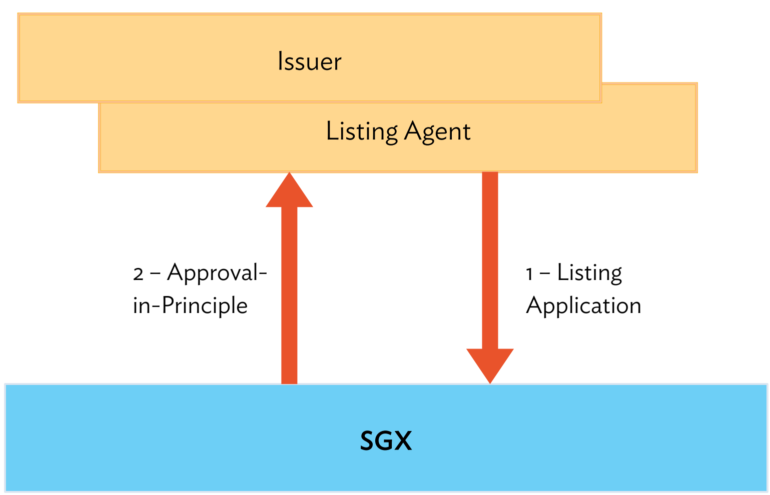
2. Profile Listing (Wholesale Bonds)

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.

Figure 3.4: Regulatory Process—Listing on Singapore Exchange Wholesale Bonds



SGX = Singapore Exchange Ltd.
Source: ADB Consultants for SF1.

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.sgx.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.

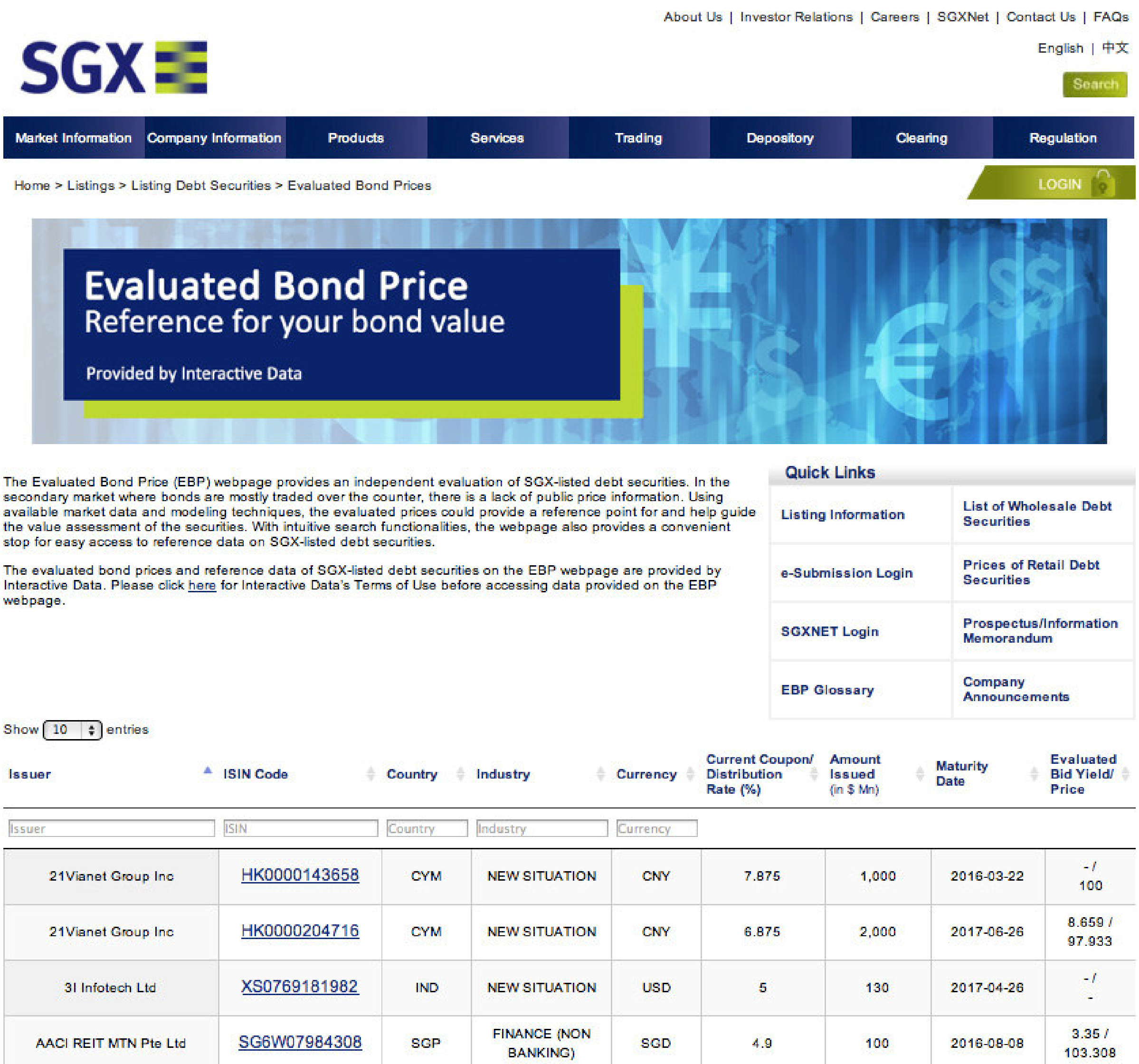
However, in 2012, Bloomberg and Markit introduced a bond pricing service to enhance price discovery and transparency in the SGD-denominated bond market. The service covers the broad universe of SGD-denominated bonds and provides market participants with a source of end-of-day mark-to-market prices for valuation and risk management purposes. These prices are submitted by active market markers 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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Market Information | Company Information | Products | Services | Trading | Depository | Clearing | Regulation

Home > Listings > Listing Debt Securities > Evaluated Bond Prices

LOGIN

Evaluated Bond Price

Reference for your bond value

Provided by Interactive Data

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 $ Mn)	Maturity Date	Evaluated Bid Yield/ Price
Issuer	ISIN	Country	Industry	Currency				
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.

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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.

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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

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[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.