

AMBIF Elements in Singapore

This chapter describes the key features of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), also known as AMBIF Elements, and puts into perspective the equivalent features of the domestic professional bond market in Singapore.¹

Summary of AMBIF Elements

The bond market in Singapore is more international in nature than most others in the region. While the SGD-denominated bond market is relatively small, many bonds and notes are issued internationally in the Singapore market. Table 1 identifies the features and practices of the domestic bond market in Singapore that directly correspond with or are equivalent to the AMBIF Elements.

Description of AMBIF Elements and Equivalent Features in Singapore

Domestic Settlement

AMBIF

AMBIF is aimed at supporting the domestic bond markets of ASEAN+3. To be recognized as a domestic bond or note, an AMBIF bond or note needs to be settled at the designated central securities depository (CSD). Hence, domestic settlement needs to be a key feature of an AMBIF bond or note.

In Singapore

SGD-denominated corporate bonds and notes issued in the domestic market in Singapore are predominately cleared and settled at the Central Depository, a subsidiary of Singapore Exchange (SGX), regardless whether these bonds and notes are traded over-the-counter (OTC) or on an exchange.

Harmonized Documents for Submission (Single Submission Form)

AMBIF

Based on the review of application forms for issuance approval, offering circulars, information memorandums, and program information formats in ASEAN+3, the core information was similar or comparable across markets. Hence, the Single Submission Form (SSF) that can be applied to all of the relevant regulatory processes for bond and note issuance across markets was proposed. The information contained in the SSF can be submitted to all relevant regulatory authorities and market institutions for relevant

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

Table 1: AMBIF Elements and Equivalents in Singapore

AMBIF Element	Description	Equivalent in Singapore
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets	Settlement of corporate bonds and notes by the Central Depository
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.	MAS approval is not required for the issuance of bonds and notes to professional investors in Singapore; SGX is receptive to exploring a single-submission-document process that adheres to SGX's current bond listing requirements and processes.
Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	Wholesale bonds market on SGX in cases of profile listing; continuous obligations in the form of corporate announcements on SGXNet are required.
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	All currencies
Scope of Issuers	Resident of ASEAN+3	No limitation on issuers
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each ASEAN+3 market	Institutional Investors and Accredited Investors, as defined under the Securities and Futures Act

ADRB = AMBIF Documentation Recommendation Board, AMBIF = ASEAN+3 Multi-Currency Bond Issuance Framework, ASEAN = Association of Southeast Asian Nations, ASEAN+3 = ASEAN plus the People's Republic of China, Japan, and the Republic of Korea, CSD = central securities depository, MAS = Monetary Authority of Singapore, SGX = Singapore Exchange.
Source: ABMF SF1.

approvals or consent, or used in the context of the submission (e.g., as a checklist) in anticipation of an AMBIF bond or note issuance.

In Singapore

No approval by the Monetary Authority of Singapore (MAS) is required for bond and note issuance to professional investors; thus, contracting parties—such as issuers, underwriters, and investors—are free to set and agree on documentation and disclosure requirements among themselves.

To be listed on SGX for profiling purposes, SGX is receptive to exploring a single-submission-documents process, as long as its application procedures and all listing requirements are fulfilled.

English is one of the official languages of Singapore; hence, the SSF can be utilized, particularly in the context of a profile listing since no issuance approval is required.

Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)

Information on issuers, bonds, and notes needs to be disclosed continuously in ASEAN+3 markets. A registration or listing authority function to facilitate continuous disclosure is required. This can ensure the quality of disclosure and help create a well-organized market

for AMBIF issuances with transparency and a quality of information that would differentiate AMBIF issuances from ordinary private placements for which information is often neither available nor guaranteed. Owing to this important feature, an AMBIF secondary market is expected to emerge as the number of issuances increases.

A profile listing is a listing without trading on an exchange. The objective of the listing is to make bonds and notes visible and more information available to investors via a recognized listing place, particularly those investors with more restrictive mandates, such as mutual and pension funds. A profile listing at a designated listing place can ensure the flow of continuous disclosure information and possibly even reference pricing in some markets.

In Singapore

SGX offers a profile listing feature on its Wholesale Bonds market for bonds and notes aimed at Institutional Investors and Accredited Investors under the provisions of the Securities and Futures Act (SFA). These bonds and notes are traded OTC and listed for profiling only, typically in order to reach a specific investor universe or address the need for a listing in potential investors' mandated prudential regulations.

Prices for OTC-traded bonds and notes are only available to the market through trading platforms and data vendors. At present, there is no pricing agency in Singapore, and the registration of a bond or note is not applicable in Singapore.

SGX prescribes applicable documentation and disclosure items for listing on the Wholesale Bonds market in its listing rules. Being the listing authority, SGX prescribes the continuous disclosure of material information by an issuer listed on the Wholesale Bonds market via its SGXNet platform, in addition to the initial disclosure at time of listing.

For all intents and purposes, the listing of a bond or note on the SGX Wholesale Bonds market fulfills the AMBIF Element of Registration or Profile Listing.

Currency

AMBIF

In the context of AMBIF, the denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market. But this does not exclude the possibility of issuing in other currencies if market practice regularly supports these other currencies and the relevant domestic currency or cash clearing capabilities exist. At this stage, United States dollars, Japanese yen, and offshore Chinese renminbi are the currencies other than domestic currencies in which bonds and notes tend to be issued in ASEAN+3 markets.

In Singapore

Domestic bonds and notes in the Singapore market are typically issued in Singapore dollars, but can also be issued in a variety of other currencies. In addition to the local currency, clearing and settlement capabilities in Australian dollars, offshore renminbi, Hong Kong dollars, and US dollars exist in the Singapore market. Given the significance of the Singapore market, and the SGX Wholesale Bonds market in particular, bonds and notes issued in other ASEAN+3 currencies, with the exception of Singapore dollars and offshore Chinese renminbi, would only be listed for profiling but effectively settled and safekept in their respective home markets.

The SGX Wholesale Bonds market features listings for profiling in more than 20 currencies, including those from ASEAN+3 markets.

Scope of Issuers

AMBIF

As AMBIF is aimed at supporting the development of domestic bond markets in the region and promoting the intraregional recycling of funds, an issuer needs to be a resident of an ASEAN+3 market.

In Singapore

In Singapore, regulations do not distinguish between domestic or foreign issuers for the purpose of issuing bonds or notes to professional investors. However, in cases of a non-resident financial institution issuing SGD-denominated bonds and notes, the issuer must swap or convert the proceeds to foreign currency, rather than remit the Singapore dollars outside of Singapore.²

For the purpose of profile listing on the SGX Wholesale Bonds market, the distinction between domestic or foreign issuers is not significant; the guiding principles are that issuers must qualify according to the listing eligibility criteria set out in the SGX Listing Rules, in particular for the issuance of bonds and notes to professional investors.

Scope of Investors

AMBIF

Professional investors are defined in accordance with regulations and/or market practice in each market in ASEAN+3. Some jurisdictions have a clear definition of professional investors, while other jurisdictions may need to establish the concept through agreements.

Professional investors are institutions defined by law and licensed or otherwise registered with regulators by law in their economy of domicile and, hence, are subject to governance and inspection based on securities market and/or prudential regulations. In addition, most of them are also subject to oversight as well as professional conduct and best practice rules by a self-regulatory organization, such as an exchange or a market association.

In Singapore

Professional investors, interpreted as nonretail investors, are referred to as Accredited Investors and Institutional Investors as defined in Section 4A of the SFA (Chapter 289 of the Laws of Singapore). In addition, Sections 274 and 275 of the SFA provide the exemption from the prospectus requirement for offers to Institutional Investors (274) and Accredited Investors (275).

Accredited Investors is a collective term defined in Section 4A of the SFA as

1. 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

² MAS. Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions). <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/commercial-banks/notices/2004/notice-757--lending-of-singapore-dollar-to-non-resident-financial-institutions.aspx>

- 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;
2. 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;
3. the trustee of such trust as MAS may prescribe, when acting in that capacity; or
4. such other person as MAS may prescribe.³

The definition of Institutional Investors in Section 4A of the SFA contains a detailed list of which institutions are considered professional. The SFA defines Institutional Investors as

1. a bank that is licensed under the Banking Act (Cap. 19);
2. a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
3. a finance company that is licensed under the Finance Companies Act (Cap. 108);
4. a company or cooperative society that is licensed under the Insurance Act (Cap. 142) to carry on insurance business in Singapore;
5. a company licensed under the Trust Companies Act 2005 (Act 11 of 2005);
6. the Government of Singapore;
7. a statutory body established under any act;
8. a pension fund or collective investment scheme;
9. the holder of a capital markets services license 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;
10. a person (other than an individual) who carries on the business of dealing in bonds with Institutional Investors or expert investors;

³ 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; and (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.

11. the trustee of such trust as MAS may prescribe, when acting in that capacity; or
12. such other person as MAS may prescribe.⁴

The SFA's definition of Institutional Investors corresponds most closely with the AMBIF scope of professional investors. The definition also applies to foreign Institutional Investors fulfilling one of the conditions set out above.

Institutional Investors based in Singapore may invest in overseas markets without limitation, unless these institutions' own mandates, investment guidelines, or specific prudential regulations prescribe particular restrictions.

⁴ 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," "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); and "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.