

# AMBIF Bond and Note Issuance: Relevant Features in Singapore

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In addition to the market features corresponding to the AMBIF Elements, a number of general market features for AMBIF bond and note issuance to Institutional Investors in the Singapore domestic bond market need to be considered, and are described in this chapter.

## Governing Law and Jurisdiction

Governing law and the jurisdiction for specific service provisions in relation to a bond or note issuance may have relevance in the context of AMBIF 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 the contractual preferences of stakeholders can affect the accessibility to a specific investor universe that may otherwise not be accessible if a bond or note were issued under the laws of the place of issuance. However, it is necessary to point out that laws related to bond and note issuance and settlement must be governed by the laws and regulations of the place of issuance since AMBIF bonds and notes are domestic bonds and notes.

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. Only the listing agreement is required to be executed under Singapore law.

## Language of Documentation and Disclosure Items

It is envisaged that most of the ASEAN+3 markets participating in AMBIF will be able to accept the use of a common document in English; however, some markets may require the submission of approval-related information in their prescribed format and in the local language. In such cases, concessions from these regulatory authorities for a submission of required information in English, in addition to the local language and formats, may be sought.

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

## Credit Rating

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

At the same time, a credit rating is one of three possible alternative criteria for eligibility to list a bond or note aimed at Institutional Investors on the Wholesale Bonds market on SGX. Most issuers 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.

## Selling and Transfer Restrictions

Selling and transfer restrictions for bonds and notes intended for professional investors are well defined in Singapore, in both regulations and listing rules for the professional Wholesale Bonds market on SGX.

For ease of reference, the term “Institutional Investors” is used when referring to professional investors in Singapore, since this SFA-defined investor type corresponds most closely with the AMBIF Element of Scope of Investors.

Intermediaries for trades in bonds and notes listed on the Wholesale Bonds market will have to establish in their know-your-customer procedures whether or not an investor would qualify as an Institutional Investor.

On SGX, Wholesale Bonds market listings offer no access to retail investors. Listing rules include the adherence of all issuers and underwriters to these restrictions. In addition, SGX participant institutions must confirm that they will observe all applicable rules and regulations.

As a matter of market practice, documentation for bonds and notes aimed at Institutional Investors would typically carry references to the applicable sections of the SFA and SGX Listing Rules and other relevant regulations. While no specific wording is prescribed in the law or rules, the market tends to follow a standard format for professional bond issuance documentation.

## Note Issuance Programs

AMBIF promotes the use of note issuance programs, such as the medium-term note (MTN) format, because they not only give funding flexibility to issuers but also represent the most common format of bond and note issuance in the international bond market. This means that potential issuers, as well as investors and intermediaries, are likely to be familiar with note issuance programs and related practices. Hence, this would make AMBIF comparable to the relevant practices in the international bond market. At the same time, it is expected that potential issuers may benefit from reusing or adopting existing documentation or information on disclosure items.

Note issuance programs are well established and widely accepted in the Singapore market. The legal basis for the use of note issuance programs can be found in Section 240A of the SFA, which provides for a debenture issuance program.

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## Bond Trustee

The appointment of a bond trustee for professional bonds and notes issuances is optional, but the majority of bonds and notes listed for profiling on the SGX Wholesale Bonds market features 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 companies and mutual and pension funds.

Trustees for bonds and notes may be trustee companies as well as financial institutions.