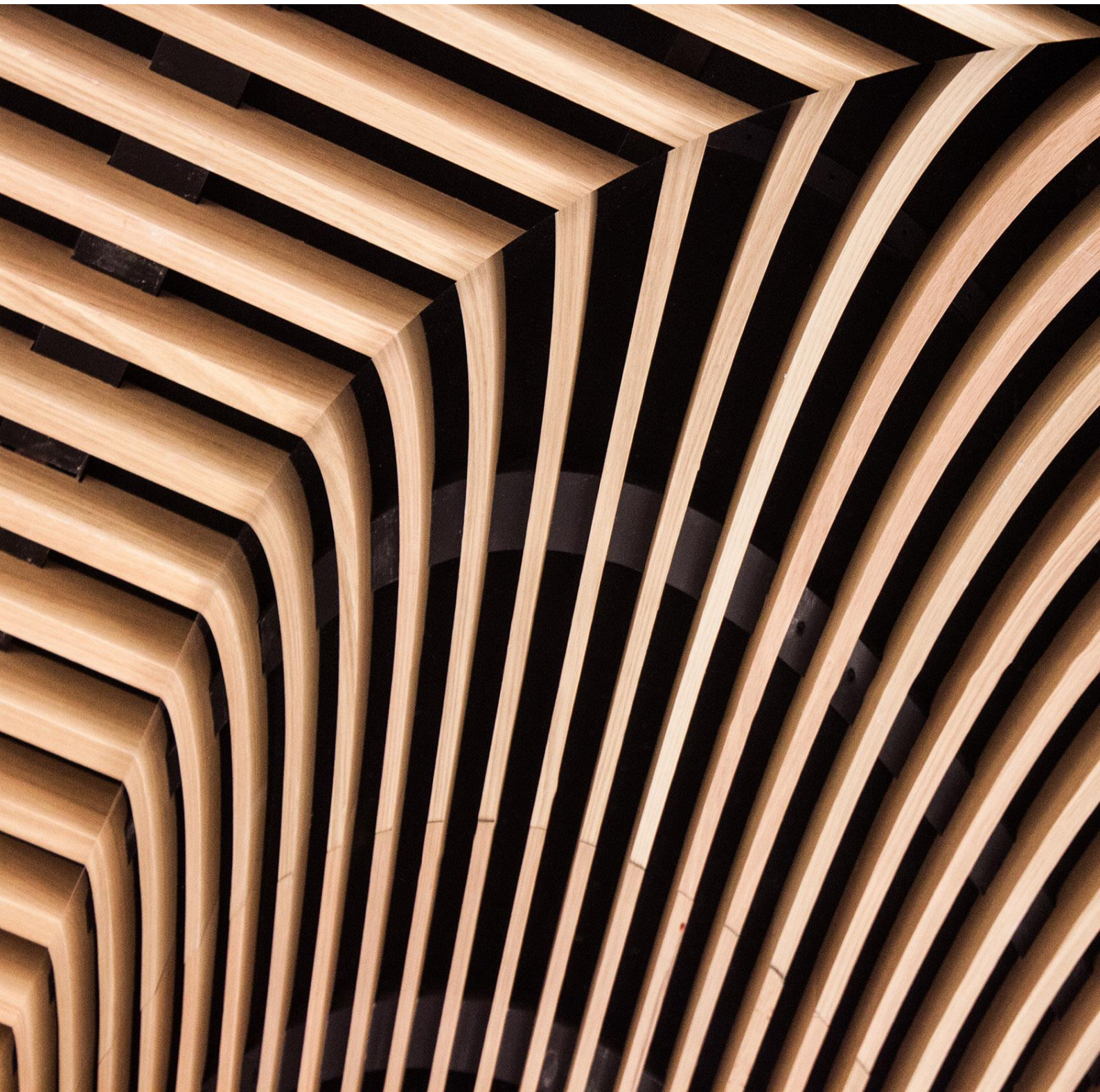


# CISNet-ed Funds

## Restricted Offers in Singapore



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# CISNet: The issues in brief

## Prospectus Registration Requirement

Generally, a prospectus that is compliant with the Securities and Futures Act, Chapter 289 of Singapore (“SFA”) is required to be registered with the Monetary Authority of Singapore (“MAS”) for offers of units in a collective investment scheme to persons in Singapore unless the offer is one which is specifically exempted from the prospectus registration requirements under the SFA.

## Certain Exemptions

The following are certain exemptions which are commonly relied upon:

- **Private Placement Exemption** – Where offers are made to not more than 50 persons within any period of 12-months.
- **Exemption for Offers Made Only to “Institutional Investors”** – Where offers are made only to “institutional investors”. This exemption is often used in conjunction with other exemptions available under the SFA.
- **Exemption for Offers Made to “Accredited Investors” and Certain Other Persons** – Where offers are made only to “accredited investors” or to certain other specified persons. In order to rely on this exemption, the relevant collective investment scheme is required to be notified as a “restricted scheme” via the MAS’ online notification system known as “CISNet”. This is in contrast to the two exemptions above which do not involve any such regulatory filing.

## CISNet Advantages

Out of the above exemptions, the use of both the Exemption for Offers made only to “Institutional Investors” and Exemption for Offers Made to “Accredited Investor” and Certain Other Persons remain the most popular for a number of reasons:

- **No Offer Limitation** – Offers can be made to an unlimited number of eligible investors.
- **No Aggregation** – Unlike the Private Placement Exemption, offers are not subject to stringent offer aggregation rules.
- **Wide Audience** – The use of both exemptions would enable offerors to access a wide enough high net worth audience.

## Marketing of CISNet-ed Collective Investment Schemes

The marketing of any units in a collective investment scheme in Singapore is regulated as dealing in capital markets products that are units in a collective investment scheme and is regulated under the SFA. A person cannot carry on business in any regulated activity unless he is licensed to conduct such activity or is otherwise exempt from the licensing requirement.

As such, foreign institutional managers will typically appoint Singapore licensed intermediaries to market their CISNet-ed collective investment schemes.

# CISNet process

## New Notification

The notification is to be submitted to the MAS through CISNet.

## Online Notification Form

As part of the notification process, an online notification form will have to be completed. The notification form requires information relating to, among others:

- the collective investment scheme;
- its manager; and
- director of the responsible person (in the case of a scheme constituted as a corporation, the responsible person is the corporation, otherwise the responsible person is the manager).

## Information Memorandum

In addition, an “information memorandum” relating to the collective investment scheme is also required to be submitted to the MAS. An “information memorandum” is defined to mean a document that (i) describes the units in a collective investment scheme being offered and (ii) has been prepared for delivery to and review by the investors to whom an offer of the units in the collective investment scheme is to be made so as to assist them in making an investment decision.

The relevant regulations require the disclosure of certain prescribed information in the information memorandum when making an offer of the CISNet-ed fund to investors in Singapore. These disclosures are usually incorporated into the existing offering document or set out in a Singapore supplement which is attached to the existing offering document at all times for offers to persons in Singapore.

## List of Restricted Schemes

Once the notification relating to a collective investment scheme has been received and processed by the MAS it will usually be entered into the MAS’ List of Restricted Schemes.

It should be noted that where the relevant collective investment scheme only invests in non-capital markets products (e.g. investments in immovable assets or precious metals), while the CISNet notification is still required to invoke the exemption, such a relevant collective investment scheme would not be entered into the MAS’ List of Restricted Schemes.

## Timing

The MAS typically takes **2 business days** to process a new CISNet notification.

# Ongoing notification obligations

## Annual Declaration Notification

A restricted scheme is required to lodge an annual declaration notification, within a month from the date of the anniversary of its being entered into the MAS' List of Restricted Schemes via CISNet, confirming that the information on the scheme offered that was previously submitted to the MAS remains true and correct.

## Amendment Notification

Prior to the lodgement of the annual declaration notification, an amendment notification is required to be submitted via CISNet to update the information relating to the scheme (which includes updates to the information memorandum previously submitted to the MAS).

An amendment notification should also be submitted as soon as possible whenever certain material changes occur in respect of the scheme.

## Accredited Investor Opt-In Regime

Regulations have come into force in 2019 that require express opt-in consent to be obtained from persons who qualify as "accredited investors" before they can be treated as such. Such consent must be obtained in a manner compliant with the prescribed form and content requirements and accompanied by certain specified disclosures. In the absence of a valid opt-in consent, the person would be treated as a retail investor (with all the statutory protections afforded to retail investors) and it would not be possible to make an offer to such an investor in reliance on the Exemption for Offers to "Accredited Investors", as discussed above.

# Fees

The relevant MAS notification fees are set out in the table below:

Type of Notification	Fee
New notification	S\$250
Annual declaration notification	S\$50

## Our experience

We have extensive experience advising and successfully acting as “agent” for both new notifications and ongoing notifications for restricted schemes and advising on related issues, including licensing requirements arising from marketing activities and the accredited investor opt-in regime.

Our clients include global financial institutions and established domestic and foreign retail and private asset managers.

## Our team

Key contacts include:

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# Our locations

## Europe

- Amsterdam
- Brussels
- Bristol
- Düssekdorf
- Frankfurt
- Lisbon\*
- London
- Luxembourg
- Madrid
- Milan
- Munich
- Paris

## Middle East

- Doha
- Dubai
- Jeddah\*\*
- Riyadh\*\*

## International

- Beijing
- Hong Kong
- Shanghai
- Shenzhen
- Singapore

\* Sociedade Rebelo de Sousa in association with Simmons & Simmons LLP

\*\* Hammad & Al-Mehdar in alliance with Simmons & Simmons

December 2019

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