

FREQUENTLY-ASKED QUESTIONS

GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) FUNDS

(Date of Issuance: 17 February 2023; Updated: 16 February 2024)

This document replaces the FAQs on the *Guidelines on SRI Funds* that was last updated on 9 July 2021.

GENERAL

1. Why have the *Guidelines on SRI Funds* been revised?

The *Guidelines on SRI Funds* have been revised to provide a comprehensive framework on the SC's regulatory requirements on sustainable funds.

Under the revised *Guidelines on SRI Funds*, Part A and Part B set out, among others, the reporting and disclosure requirements for a fund to qualify as an SRI Fund and as an ASEAN Sustainable and Responsible Fund. Part C provides the application and submission procedures for a fund to qualify as an SRI Fund and an ASEAN Sustainable and Responsible Fund.

2. Which fund may apply for the qualification as an ASEAN Sustainable and Responsible Fund?

A fund that is either –

- (a) a qualified SRI Fund; or
- (b) a fund seeking for the SRI Fund qualification,

may apply for the qualification as an ASEAN Sustainable and Responsible Fund, provided that the *ASEAN Sustainable and Responsible Fund Standards* are complied with.

TRANSITIONAL ARRANGEMENTS

3. What is the transitional treatment for an application that is currently pending the SC's qualification at the point of issuance of the revised *Guidelines on SRI Funds*?

For an application that is currently pending the SC's qualification, the issuer has to make the necessary revisions to comply with the revised *Guidelines on SRI Funds*.

4. What is the implication on a fund that has obtained the SC's qualification but is pending launch prior to the issuance of the revised *Guidelines on SRI Funds*?

For a fund that has obtained the SC's qualification but has yet to launch prior to the issuance of the revised *Guidelines on SRI Funds*, the issuer may proceed to launch the fund without complying with the revised requirements as specified in item 5 of these FAQ, provided that the fund is launched within 6 months from the issuance of the revised *Guidelines on SRI Funds*. After the launch, the issuer is given a transitional period to comply with the revised requirements until 1 March 2024.

If a qualified fund is not launched within the 6-month period from the issuance of the revised *Guidelines on SRI Funds*, the issuer must make the necessary revisions to ensure that the fund complies with the revised *Guidelines on SRI Funds* prior to launch.

[Updated: 16 February 2024]

5. Is there a transitional period for an issuer to comply with the revised requirements under Part A: SRI Funds of the revised *Guidelines on SRI Funds*?

For an existing SRI Fund, a transitional period until 1 March 2024 is provided to an issuer to comply with the revised requirements as follows, i.e., paragraphs 3.04, 3.05, 3.08, 3.09, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.12, 4.14, 4.17, 4.18, 4.19 and 4.20.

[Updated: 16 February 2024]

FEEDER FUND

6. In the event that there is a change in the underlying target fund, is a feeder fund required to seek a new SRI qualification under the revised *Guidelines on SRI Funds*?

A feeder fund is not required to seek a new qualification under the revised *Guidelines on SRI Funds* if the new underlying target fund complies with the requirements as set out under the revised *Guidelines on SRI Funds*. However, the issuer must comply with paragraphs 4.13 and 4.15 of the revised *Guidelines on SRI Funds*.

TAX CERTIFICATION PROCESS

7. Who can apply for the certification of an SRI Fund in respect of the tax exemption?

A fund management company which complies with the qualifying conditions as set out in Chapter 5 of the revised *Guidelines on SRI Funds* is eligible to apply for the tax exemption.

8. Does the tax exemption for managing an SRI Fund apply to an ASEAN Sustainable and Responsible Fund?

Yes. A fund must first be qualified as an SRI Fund in order to apply for the qualification as an ASEAN Sustainable and Responsible Fund. As such, the tax exemption would be applicable to an ASEAN Sustainable and Responsible Fund that is already a qualified SRI Fund, subject to the fund management company complying with the qualifying conditions as set out in Chapter 5 of the revised *Guidelines on SRI Funds*.

9. What is the procedure to apply for the certification?

A fund management company is required to submit to the SC the completed form and a written declaration in accordance with Appendix 2 of the revised *Guidelines on SRI Funds* and other information as may be required by the SC. The documents must be submitted electronically in the format as set out in paragraph 5.06 of the revised *Guidelines on SRI Funds*.

10. When can the application for certification be made?

An issuer can submit the application for certification after the end of its financial year and after the submission of the audited financial statements through the SC Common Reporting Platform (ComRep) or the Electronic Application System (EASy).

11. How long will it take, from the point of application, for the SC to issue the certification ?

The SC will issue the certification within 14 days upon receipt of complete and accurate information and documents including information submitted through the SC ComRep or the EASy system. This includes ensuring that the financial information in the audited financial statements submitted via the SC ComRep are consistent (either at the level of each element or in total) with the auditor's report submitted via the EASy.

12. Can a fund management company submit the application to the SC to certify the same Shariah-compliant SRI Fund, in respect of both the SRI Fund and Islamic fund tax exemptions, concurrently?

No, only one application can be made to the SC for a given financial year to certify a Shariah-compliant SRI Fund, in respect of either the tax exemption on the management fee for the SRI Funds or the tax exemption on the management fee for Islamic funds, as these tax incentives are mutually exclusive. In the case of multiple funds under management, separate applications to the SC can be made for either tax incentive for each individual fund.

13. Can a venture capital management company submit the application to the SC to certify the same SRI venture capital fund, in respect of both the SRI Fund and venture capital tax incentives, concurrently?

No, only one application can be made to the SC for a given financial year to certify an SRI venture capital fund, in respect of either the tax exemption on the management fee for SRI Funds or the venture capital tax incentive, as these tax incentives are mutually exclusive. In the case of multiple funds under management, separate applications to the SC can be made for either tax incentive for each individual fund.