

FREQUENTLY ASKED QUESTIONS

Guidelines on Unit Trust Funds (UT Guidelines) and Prospectus Guidelines for Collective Investment Schemes (CIS Prospectus Guidelines)

(collectively known as CIS Guidelines)

(Date of Issuance: 21 December 2021; Updated: 31 December 2021, 1 March 2022 and 16 February 2023)

1 INTRODUCTION

This document replaces the *FAQs on the Enhanced CIS Framework* that was issued on 19 July 2016 and was last revised on 12 September 2017.

2 FREQUENTLY ASKED QUESTIONS RELATING TO CIS GUIDELINES ISSUED ON 21 DECEMBER 2021

2.1 When will the revised CIS Guidelines issued on 21 December 2021 (Issuance Date) take effect?

The revised CIS Guidelines are issued on 21 December 2021 to enable industry players to familiarise themselves with the new requirements, in particular the requirements in the UT Guidelines. This approach is in line with the current practice for the issuance of revised guidelines. Amendments have been made to the UT Guidelines and the Guidance to the UT Guidelines to provide clarity and pursuant to feedback received from the industry during the familiarisation period. Below are the requirements where key amendments have been made to:

- a) Paragraph 2.01 – definition of “fair value”;
- b) Paragraph 3.11;
- c) Paragraph 8.34;
- d) Paragraph 4, Schedule B – Appendix II;
- e) Paragraph 3, Schedule B – Appendix IV; and
- f) Paragraph 20(a), Schedule D.

Full compliance with the requirements of the CIS Guidelines will take effect on 1 March 2022 (Effective Date).

Implication on authorised funds that are pending launch prior to the Effective Date

A fund that is authorised prior to the Effective Date of the CIS Guidelines may avail itself to the new timeframe to launch as provided in paragraph 11.23 of the UT Guidelines.

For other requirements, please refer to [section 3](#) for transitional arrangement.

[Updated: 1 March 2022]

Removal of requirement for investment committee

2.2 The requirement for investment committee has been deleted. Can existing funds maintain the current investment committee?

Yes, provided that the present investment committee can fulfil the roles and responsibilities expected of an oversight function.

[Updated: 1 March 2022]

2.3 What criteria should the management company be guided by in order to ensure persons undertaking oversight functions are fit and proper?

The management company should be guided by the fit and proper criteria referred to in section 65 of the CMSA for the appointment of persons to undertake the oversight functions.

Application, registration, lodgement and notification

2.4 In terms of documents and information required to be submitted to SC as referenced in the CIS Guidelines, where would this be located?

These can be found under: Regulations → Guidelines → Collective Investment Scheme → Application documents for Collective Investment Schemes → **Forms in relation to UTF**

2.5 Can an application for exemption or variation from the requirements of the relevant guidelines in relation to the authorisation of a unit trust fund be submitted concurrently with the application for authorisation?

Depends on which authorisation process the fund will be subjected to:

- Standard authorisation process: The application for exemption or variation from the relevant guidelines can be submitted concurrently with the application for authorisation of a unit trust fund submitted under the standard authorisation process.

- Expedited authorisation process: Unless specific clearance from the SC has been obtained, the application for authorisation of a unit trust fund under the expedited authorisation process can only be submitted after the approval for exemption or variation from the requirements of the relevant guidelines, including any approval required for Shariah matters where applicable, has been obtained.

3 TRANSITIONAL ARRANGEMENT

3.1 What is the transitional treatment for applications for authorisation of a unit trust fund prior to the Effective Date of the CIS Guidelines?

Applications to the SC can still be made based on the existing guidelines up to 28 February 2022. However, applicants are encouraged to comply with the requirements under the CIS Guidelines for applications made prior to the Effective Date. From the Effective Date onwards, all applications must be made based on the CIS Guidelines.

3.2 Does a management company need to immediately publish the information as specified in Schedule A of the UT Guidelines in relation to its funds?

A management company must ensure that its website contains the minimum information specified in Schedule A by the **end of 2022**. Management companies are encouraged to comply with this requirement as soon as possible.

Exemption from having to apply for SC's approval under Parts 1¹ and 3² of the *Guidelines on Online Transactions and Activities in Relation to Unit Trusts* ("**Online Guidelines**")

As a consequence to the amendment to Schedule A of the UT Guidelines, management companies that have yet to obtain the SC's approval on Part 1 or Part 3 of the Online Guidelines will not be required to obtain the SC's approval prior to making the necessary amendment or enhancement to ensure their website complies with Schedule A of the UT Guidelines. Instead, these management companies must provide a notification to the SC of the update to their website which is to be accompanied by the following documents:

¹ Part 1 of the Online Guidelines deals with the issuance, circulation or distribution of electronic prospectuses and electronic application forms.

² Part 3 of the Online Guidelines deals with online activities in relation to unit trusts, which refer to any utilisation of the Internet or other electronic medium to market, promote, distribute or provide information in relation to, among others, unit trust funds.

- (a) Checklist for compliance with the Online Guidelines;
- (b) Declaration by the internal auditors or external auditors of the management company in accordance with Appendix 1 of the Online Guidelines; and
- (c) Declaration by the director of the management company in accordance with Appendix 2 of the Online Guidelines.

[Updated: 1 March 2022]

3.3 Is there a transitional period for management companies to prepare the risk management policy and procedures (“RMP”) documentation for existing or new unit trust funds that do not intend to invest in new or higher risks investments?

For existing or new unit trust funds that do not intend to invest in new or higher risks investments³, the management company has **18 months from the Effective Date i.e. by 31 August 2023** to ensure the RMP documentation for these funds are prepared and ready for inspection.

However, if any of the existing or new unit trust funds intends to invest in new or higher risks investments, the management company must prepare the RMP documentation for submission to the SC prior to undertaking such investments.

[Updated: 1 March 2022]

3.4 In relation to compliance with the UT Guidelines in general, does the SC expect a management company and its unit trust funds to immediately comply with the UT Guidelines?

Management companies are encouraged to immediately comply with the UT Guidelines. However, where adoption of requirements in the UT Guidelines requires the following to be undertaken by the management company, the management company is given **until 30 September 2023** to make those changes:

- (a) Change its systems and processes;
- (b) Amend its unit trust funds’ deed or prospectus (subject to the application for registration of the supplementary deeds being submitted by 31 March 2023 and the application for registration of the supplementary prospectuses being submitted as soon as practicable within 2 months of the date of registration of the supplementary deed); and

³ Please refer to SC’s *Forms in relation to unit trust fund (UTF Forms)*, which is published on SC’s website and as may be amended from time to time, on what “new or higher risks investments” entail.

Frequently Asked Questions

Guidelines on Unit Trust Funds and Prospectus Guidelines for Collective Investment Schemes

- (c) Rebalance its unit trust funds' investment i.e. for funds with investment in REITs or for money market funds that have investment in instruments with tenure of more than 397 days.

If any of the circumstances listed above does not apply to the management company or its unit trust funds, full compliance with the CIS Guidelines is expected within **6 months of the Effective Date** of the CIS Guidelines i.e. by 31 August 2022.

Implication on fund reports

With regard to preparation and publication of fund reports, the SC expects all fund reports for the financial year or financial period **ending June 2022 to fully comply** with the UT Guidelines.

[Updated: 16 February 2023]