

Frequently Asked Questions

Guidelines on Sustainable and Responsible Investment (SRI) Funds (Guidelines) **(Updated: 9 July 2021)**

General

1. Why have the Guidelines been revised?

The revised Guidelines set out the qualifying conditions and the forms and documents that must be submitted by fund managers who wish to apply for the SC's certification in respect of the tax exemption for managing an SRI fund. The guidelines have also been revised to provide greater clarity to the requirements relating to a feeder fund seeking to be qualified as an SRI fund

Feeder Fund

1. Would a feeder fund with an SRI fund as its target fund be able to qualify as an SRI fund under this Guidelines?

In the case of a feeder fund seeking to be qualified as an SRI fund, the target fund must comply with the requirements under paragraphs 3.05, 3.06 and 3.07 of the Guidelines.

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

The feeder fund is not required to seek a new qualification under the Guidelines if the new underlying target fund also complies with the requirements as set out under the Guidelines. However, the management company or fund manager, where applicable, must comply with paragraph 3.12 of the Guidelines.

TAX CERTIFICATION PROCESS

1. Who can apply for the certification of SRI fund in respect of the tax exemption?

A fund manager which complies with the qualifying conditions as set out in Chapter 5 of the Guidelines is eligible to apply for the tax exemption.

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

The fund manager is required to submit to the SC the completed form and a written declaration in accordance with Appendix 2 and other information as may be required by the SC.

The documents must be submitted electronically in the format as stated in paragraph 5.06 of the Guidelines.

3. When can the application for certification be made?

Applicants 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 Licensing Application (ELA) system.

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

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

5. 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 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.

6. 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.