

**FREQUENTLY ASKED QUESTIONS ON  
THE EXPEDITED AUTHORISATION PROCESS FOR NON-COMPLEX UNIT TRUST  
FUNDS AND PROSPECTUS WITHOUT EXPIRY PERIOD  
(ENHANCED CIS FRAMEWORK)  
(Date of Issuance: 19 July 2016)  
(Date of Revision: 12 September 2017)**

## **1.0 GENERAL**

### **1.01 What is the Enhanced CIS Framework?**

The Enhanced CIS Framework consists of two components:

- (1) Expedited authorisation process for non-complex unit trust funds (see section 2.0 below); and
- (2) Prospectus without expiry period (see section 3.0 below).

In line with SC's principle of regulatory proportionality, the SC will devote more of its resources on funds that may pose high risk to investors.

### **1.02 When is the effective date of the Enhanced CIS Framework?**

The Enhanced CIS Framework takes effect on 15 August 2016 (**Effective Date**).

### **1.03 Which guidelines have been amended to facilitate the implementation of the Enhanced CIS Framework?**

To facilitate the implementation of the Enhanced CIS Framework, the Guidelines on Unit Trust Funds and the Prospectus Guidelines for Collective Investment Schemes (collectively known as **CIS Guidelines**) have been amended and is effective from 15 August 2016.

### **1.04 [Deleted]**

*[Deleted on 12 September 2017]*

## **2.0 EXPEDITED AUTHORISATION FOR NON-COMPLEX UNIT TRUST FUNDS**

### **2.01 What is a non-complex unit trust fund?**

A non-complex unit trust fund is a fund other than:

- (i) A feeder fund;
- (ii) A fund-of-funds;
- (iii) A fund that can invests in:
  - a. Derivatives other than for hedging purposes;
  - b. Warrants and convertibles other than those which are capable of being converted into new shares;
  - c. Structured products; or

- (iv) A cross-border fund, which is a fund that can be offered in a foreign jurisdiction under an arrangement between the SC and the securities regulator in that foreign jurisdiction.

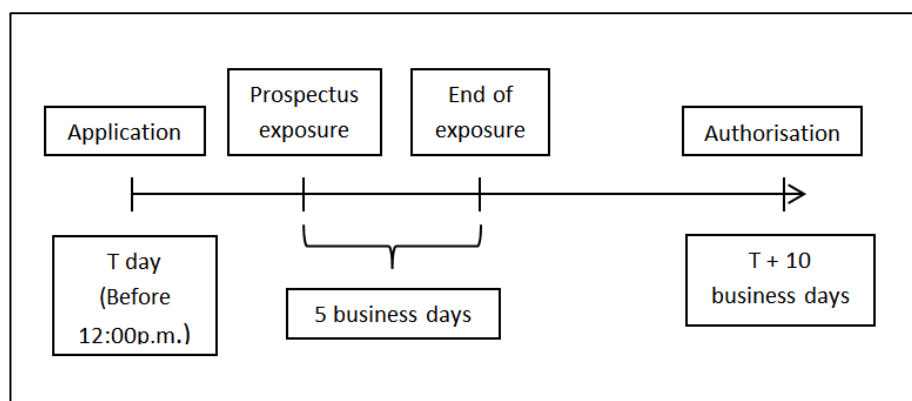
Where the fund has novel features, the management company must consult the SC on whether such fund would be considered a non-complex unit trust fund. Novel features refer to features which are not characteristic of unit trust schemes authorised or approved by the SC that may reasonably be expected to have a material impact on investors. An example would be where a fund proposes a performance fee with features that have not been previously considered by the SC.

Notwithstanding the above, the SC reserves the right to determine whether a fund is eligible to be authorised under an expedited authorisation process.

*[Amended on 12 September 2017]*

## 2.02 What is the expedited authorisation process?

The expedited authorisation process is depicted in the flowchart below:



## 2.03 What is the timeframe for the authorisation of a non-complex unit trust fund?

A non-complex unit trust fund will be authorised within 10 business days from the date following the day the SC receives a complete and accurate submission before 12:00p.m. on a business day. For example, a complete and accurate application received on Monday, 4 September at 1:00p.m. will be authorised within 10 business days from Tuesday, 5 September. The SC may reject an application for authorisation of a non-complex unit trust fund where the proposed fund is fundamentally flawed, including where it does not comply with the critical requirements of CIS Guidelines and the relevant securities laws.

*[Amended on 12 September 2017]*

**2.04 How long is the exposure period for the prospectus of a non-complex unit trust fund?**

The prospectus of a non-complex unit trust fund will be exposed for a period of five business days on the SC website. The prospectus exposure period is included in the fund authorisation timeline of 10 business days.

**2.05 What is the purpose of having prospectus exposure?**

The purpose of having prospectus exposure is to provide an opportunity for the public to comment on the content of the prospectus prior to the authorisation of the fund.

**2.06 Is the supplementary prospectus or replacement prospectus of a non-complex unit trust fund subject to prospectus exposure?**

No, the supplementary prospectus and replacement prospectus of a non-complex unit trust fund is not subject to prospectus exposure.

**2.07 What happens when there are comments received from the public arising from the prospectus exposure?**

Where comments are received from the public arising from the prospectus exposure, such comments will be assessed to determine if they merit action by the applicant. If such comments merit action, the SC will require them to be addressed prior to the fund being authorised.

**2.08 Where there are comments, either from the prospectus exposure or from SC's review which merit action, will the fund still be authorised within 10 business days?**

The SC will conduct a regulatory review for compliance with the critical requirements of the CIS Guidelines such as permitted investments and investment limits. The SC will not review a prospectus to determine whether it is complete, contains inaccuracies or has factual errors. Where there are comments from the prospectus exposure or from SC's review which merit action, the management company is required to provide a complete and substantive response to the SC in a timely manner upon receiving the SC's requisition for clarification<sup>1</sup>. However, where such comments are not satisfactorily addressed, the authorisation for such a fund will very likely exceed 10 business days. An application for authorisation of a non-complex unit trust fund that has not been authorised within six months from the date it was

---

<sup>1</sup> If further clarification is required, the SC will provide its comments within five business days from the date following the day it receives the management company's response.

first submitted will be deemed to have lapsed. If the management company wishes to seek authorisation for the same fund again, it is required to submit a fresh application together with the relevant fees.

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

No. The application for authorisation of a non-complex unit trust fund 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.

**2.10 After a non-complex unit trust fund has been authorised by the SC, is there any time limit within which the non-complex unit trust fund must be launched?**

A non-complex unit trust fund must be launched within two months from the date of authorisation, failing which the authorisation granted by the SC will lapse.

**2.11 Will the SC consider any extension of time if the non-complex unit trust fund cannot be launched within two months from the authorisation date?**

An extension of time will only be granted by the SC where proper justifications are provided. The extension will only be granted once and up to a maximum of one month only.

**2.12 Once a non-complex unit trust fund is authorised and the prospectus registered by the SC, will action be taken by the SC for deficiencies in the prospectus?**

It is the responsibility of the management companies to ensure that the disclosures in their prospectuses are true, complete and accurate. In relation to non-complex unit trust fund, the SC does not vet prospectuses to determine whether they contain incomplete and inaccurate information or factual errors.

The registration process is a safeguard for the SC to detect non-compliance with the critical requirements of the CIS Guidelines before it is issued to the public. Registration, however, does not mean that all applicable securities laws and relevant guidelines have been complied with. The ultimate responsibility for ensuring compliance with the CIS Guidelines lies with the management company.

The authorisation of a non-complex unit trust fund and registration of its prospectus does not restrict the SC's right to take any action as it deems fit, for breach of the requirements under the applicable securities laws or any guidelines issued by the SC.

### **3.0 PROSPECTUS WITHOUT EXPIRY PERIOD**

#### **3.01 What is a prospectus without expiry period?**

A prospectus without expiry period is a prospectus that remains valid indefinitely. Under the current requirements, a prospectus is subject to yearly renewal. Under the new framework, a prospectus without expiry period is not subject to yearly renewal but is required to be updated via a supplementary prospectus or a replacement prospectus, as the case may be. The management company shall issue a replacement prospectus if it becomes too unwieldy for the investors to read e.g. there are several supplementary prospectuses that an investor has to read together with the original prospectus. These supplementary prospectuses or replacement prospectuses must be registered by the SC.

#### **3.02 If the prospectus is not required to be renewed annually, how will critical dynamic information be communicated to investors?**

Critical dynamic information that requires frequent updating such as fund performance has been incorporated into the Product Highlights Sheet under the revised *Guidelines on Sales Practices of Unlisted Capital Market Products*. Other information such as key personnel and total number of funds operated by a management company will be allowed to be disclosed in the management company's website. For further details, please see 4.01 below.

#### **Notification of changes**

#### **3.03 Following the implementation of prospectuses without expiry period, is the management company required to inform the unit holders if there is a change made to the fund?**

Apart from what is required under the deed, the revised *Guidelines on Unit Trust Funds (Revised GUTF)* identifies the type and nature of changes that require notification to be given by the management company. For example, if the change will materially prejudice unit holders' interests, the management company is required to convene a unit holders' meeting to obtain unit holders' approval. Such changes may include a change to the investment objective of the fund or a change to the distribution policy. If the change will affect the decision of unit holders to stay invested in the fund, the management company is required to notify unit holders prior to the change taking effect. Such changes may include a change to the investment strategy of the fund. For further details, please see the Revised GUTF.

## **Changes to Prospectus**

### **3.03A Must a management company provide a fund applicant with the right to withdraw his application upon the registration of a supplementary or a replacement prospectus for changes made in the prospectus which are not significant?**

No. A management company is not required to provide a fund applicant with the right to withdraw his application upon the registration of a supplementary or a replacement prospectus for changes made in the prospectus which are not significant.

*[Inserted on 12 September 2017]*

## **4.0 WEBSITE**

### **4.01 What information is required to be included in the management company's website?**

One of the changes introduced under the Enhanced CIS Framework is the requirement for a management company to maintain a website incorporating certain corporate information and information pertaining to all its funds. Information that will now need to be in the website, instead of a prospectus, includes information on the management company's key personnel such as the designated compliance officer and a summary of its financial position. The management company is also encouraged to incorporate information pertaining to all its funds which is relevant to investors. For further details, please see the Revised GUTF and *Guidelines on Online Transactions and Activities in Relation to Unit Trusts*.

**5.0 [Deleted]** *[Deleted on 12 September 2017]*

**5.01 [Deleted]** *[Deleted on 12 September 2017]*

**5.02 [Deleted]** *[Deleted on 12 September 2017]*

**5.03 [Deleted]** *[Deleted on 12 September 2017]*

## **Complex funds**

### **5.04 What is the authorisation process for complex unit trust funds?**

Complex unit trust funds will continue to be assessed under the current authorisation framework.

**5.05 Can an application for exemption or variation from the relevant guidelines in relation to the establishment of a complex unit trust fund be submitted concurrently with the application for establishment of a complex unit trust fund?**

Yes. The application for exemption or variation from the relevant guidelines can be submitted concurrently with the application for authorisation of a complex unit trust fund.

**5.06 [Deleted]**

*[Deleted on 12 September 2017]*