The Association of Banks in Singapore

ABS Debt Capital Market Practice Guidelines

With effect from 15 March 2013
Revised on 4 February 2020

The Association of Banks in Singapore (ABS) Debt Capital Market Practice Guidelines

SECTION 1 – RECOMMENDATIONS AND GUIDELINES FOR MEDIUM TERM NOTE PROGRAMMES

1.1 Notes Applicable to Recommendations in Section 1 and Section 2

1) These Recommendations and Guidance Notes may be applied to all medium term note ("**MTN**") programmes and debt issuance programmes. Debt issuance programmes include asset backed programmes and any other programme where provision is made for debt instruments to be distributed or placed in the Singapore domestic capital markets.

2) The Recommendations and Guidance notes may be used by any ABS member acting as an arranger (the "**Arranger(s)**") for an MTN programme.

3) Any reference in the Recommendations and Guidance Notes to an "offering circular" includes registration documents, listing particulars, prospectuses, information memoranda or any similar documents.

4) Where a particular task is to be undertaken by Arranger(s), dealer(s) or lead manager(s), the same task may be undertaken by the relevant transaction counsel, as agreed between the transaction counsel and the Arranger(s), dealer(s) or lead manager(s).

1.2 Documentation

1.2.1 Recommendation 1 – Timelines for Review and Comment

1) Each manager/dealer (the "**Dealer**") should be given a reasonable period of time to review and comment on the offering circular and any documents to be executed by such Dealer. Arrangers (together with their legal counsel) should therefore abide by the following timelines:

   a) In the case of a new programme, each Dealer should be given at least ten (10) business days to review and comment;

   b) In the case of an amendment to or an annual update of an existing programme, each Dealer should be given at least seven (7) business days to review and comment on the amendments and/or the update;

   c) Where new products are added to an existing programme as part of an update, each Dealer should be given at least ten (10) business days to review and comment on the amendments;

   d) There should be at least five (5) business days between the deadline for comments to be received from the Dealers and the date fixed for signing.

2) The Dealers are entitled to review and comment on the offering circular and all material agreements, including but not limited to:

a) the dealer or programme agreement;

b) trust deed;

c) fiscal agency agreement;

d) agency agreement;

e) arrangement and comfort letters;

f) legal opinions; and

g) any other documentary conditions precedent that are available.

3) Drafts of other documentary conditions precedent should be made available by the Arranger to the Dealers upon request, within a reasonable period of time before their intended delivery date.

4) Forms of the pricing supplement and subscription agreement to be used for drawdowns must be included in the programme documentation.

1.2.2 Recommendation 2 – Distribution of Programme Documentation

1) Whenever an MTN programme is established, updated or amended, the issuer (or its counsel on its behalf) shall promptly, or as soon as reasonably practicable, distribute conformed and/or original copies of the Programme Agreement or Dealer Agreement, (or supplement or update, as the case may be), and offering circular or any similar document or supplement, to the Dealers.

2) Before the issuer draws down from the MTN programme, the issuer(or its legal counsel on its behalf) are expected to deliver the condition precedent documents to the Dealers. The Issuer (or its legal counsel on its behalf) should therefore deliver these conditions precedent documents promptly after the signing, annual update or amendment of the MTN programme, as the case may be. Should there be any delay in the delivery of the documents from the issuer the issuer should notify the Dealers of the delay and inform them of the expected delivery date.

3) A complete set of programme documentation should be prepared and delivered (in hard copy or electronic copy / CD-ROM) to the Dealers not later than two weeks after the MTN programme establishment, update or amendment, as the case may be.

1.2.3 Recommendation 3 – Amendments to Programme Documentation by Dealers other than the Arranger

Where a Dealer or Lead Manager of a new issue who is not an/the Arranger(s) under the MTN Programme, updates an MTN programme, they, with the consent of the issuer, must promptly

notify the Arranger(s). It is to be expected that all amendments to the offering circular should be promptly given to the Arranger(s) and programme Dealers.

1.2.4 Recommendation 4 – Highlighting Changes in MTN Programmes

1) The Arranger(s) should ensure that all drafts of the programme documentation are marked up against the existing programme documents whenever there are updates or amendments to an existing MTN programme to reflect the changes made. All updated or amended documents should be marked up to reflect all cumulative changes from the most recent update.

2) All new drafts of programme documents (including comfort letters and legal opinions) should also be marked up against the latest circulated draft.

3) If there are any significant changes to the terms and conditions of the securities as a result of the amendment or annual update, the Arranger(s) (or its/their counsel on its/their behalf) is responsible for notifying the Dealers of such changes and provide an explanation for the change.

1.3 Authorisations and Conditions Precedent

1.3.1 Recommendation 5 – Conditions Precedent - Legal Opinions and Comfort Letters

1) When an MTN programme is established, legal opinions from appropriate legal counsel are required confirming (amongst other things) that the securities to be issued are (or will create) legal, valid and binding rights against/obligations of the issuer, and that the contracts (including any contract relating to security issued in connection with the securities) relating to the programme and the rights of the Arranger(s) and the Dealers under them are legal, valid and binding. These legal opinions should be dated the signing date of the MTN programme and be addressed to the Arranger(s), Dealers and if required, the trustee.

2) Legal counsel should be engaged to advise the entire manager / Dealer group, not just the Arranger(s), and all opinions should be addressed to the Dealers. Each legal opinion should include language that enables any future Dealer (whether on a permanent basis or in respect of a single issue of notes under the programme) to rely on that opinion as if the opinion has been addressed to them at the date that opinion was originally delivered.

3) The Arranger(s) should consider whether it is appropriate for a comfort letter or letters to be obtained from the auditor to the issuer (and any guarantor) and addressed to the Arranger(s) and the Dealers. If possible, each comfort letter should include language that enables any (future) Dealer (whether on a permanent basis or in respect of a single issue of notes off the programme) to rely on that comfort letter as if the comfort letter has been addressed to them at the date that comfort letter was originally delivered. It is increasingly common practice in the Singapore market for comfort letters to be delivered, the provision of comfort letters is desirable and it should be encouraged in order to improve the practices of the Singapore market.

4) Comfort letters from the auditor to the issuer (and any guarantor) and legal opinions from external counsel should also be provided, in the case of comfort letters, whenever there is any material update of the MTN programme and in the case of legal opinions, whenever there is any material amendment to be made to the MTN programme agreements. These legal opinions should cover all relevant contracts, including those associated with the annual update or amendment and not just the original programme agreements.

1.3.2 Recommendation 6 – Authorisation of Notes and Guarantees Issued under the Medium Term Note Programmes

1) As far as possible, when an MTN programme is established, updated or amended, the issuer should try to avoid the need to obtain specific board (or equivalent) authorisation at the time of each individual tranche of notes and any related guarantees, as this may impact the timing of the issue.

2) In the event that board level authorisation is required for each individual tranche of notes or related guarantee, this requirement should be included in the offering circular. The form of pricing supplement for the programme should contain a section indicating that such authorisation for the notes and related guarantee is in place, for example:

Date [Board] Approval for issuance of Notes [and Guarantee] obtained: [ ] [and guarantee [ ]]

1.3.3 Recommendation 7 – Legal Opinions for Medium Term Note Programmes

For issues and drawdowns made under an MTN programme, Lead Managers/Dealers should be aware and take note that legal opinion(s) delivered on the signing or update of the programme documentation may not cover specific issuances under the programme. For example, the subscription agreement, (if any), or the enforceability or validity of the particular issue of the securities.

1.4 Relationships between Parties

1.4.1 Recommendation 8 – Status of Arranger(s) and Dealers

1) The relationship between the issuer, the Arranger(s) and the Dealers in the establishment and maintenance of an MTN programme are set out in the programme documentation.

2) It is recommended that the following standard clause should be included in the programme documentation to address the relationship between the Arranger(s) and the Dealers:

"Each of the Dealers agrees that the Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the MTN programme and has no responsibility to it for:

(a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Offering Circular, any pricing

supplement, this Agreement or any information provided in connection with the Programme; or

(b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the MTN programme or any drawdown."

3) It is recommended that the following standard form provision should be included in the programme documentation to address the relationship between the issuer and the Dealer group:

"The Issuer acknowledges and agrees that (i) the purchase and sale of Notes pursuant to the Programme is an arm's-length commercial transaction between the Issuer, on the one hand, and the Arranger(s) or the relevant Dealer(s), on the other hand, (ii) in connection with any offering of the Notes under the Programme (the ***"Offering"),*** *each of the Arranger(s) and the relevant Dealer(s) is and has been acting solely as principal and is not the agent or fiduciary of the Issuer or any* group, subsidiary, associate or affiliate *or any other party, (iii) neither the Arranger(s) nor the relevant Dealer(s) has assumed or will assume an advisory or fiduciary responsibility in favour of the Issuer with respect to the Offering or the process leading thereto (irrespective of whether the relevant Arranger or the relevant Dealer(s) has advised or is currently advising any Issuer on other matters) and neither the Arranger(s) nor the relevant Dealer(s) has any obligation to any Issuer with respect to the Offering except the obligations expressly set forth in this Agreement, (iv) each of the Arrangers and the relevant Dealer(s) and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the issuer, (v) each of the Arranger(s) and the relevant Dealers may offer and sell Notes to or through any of their respective affiliates and that any such affiliate may offer and sell Notes purchased by it to or through any of the Arranger(s) and the relevant Dealers, (vi) each of the Arrangers and the relevant Dealers or any of their respective affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes and not with a view to distribution, and (vii) neither the Arranger(s) nor the relevant Dealer(s) has provided any legal, accounting, regulatory or tax advice with respect to the Offering and the Issuer has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate. This Agreement supersedes any prior agreement or understanding (whether written or oral) between the Issuer, the Arranger(s) and the relevant Dealer(s) with respect to the subject matter of this Clause".*

1.4.2 Recommendation 9 – Relationship between Arrangers and Dealers

If so instructed by the issuer, the Arranger(s) should arrange to send documents to Dealers, bearing in mind the timelines set out in Section 1, Recommendation 1 above.

1) The Arranger(s) should liaise with the issuer on behalf of the Dealer group and should normally present comments as having come from the group as a whole. The relevant Dealer's consent must be given to the Arranger(s) before the Arranger(s) can disclose the name of the Dealer who gave a particular comment on the documentation to the issuer.

2) Should an/the Arranger(s) seek to waive any condition precedent for programme updates on behalf of the Dealers, they must first obtain written permission from the Dealers.

1.4.3 Recommendation 9A – Notification to Dealers of Classification of Securities under Section 309B of The Securities And Futures Act (Chapter 289 Of Singapore) (The "SFA") being Issued under the Programme

1) Following new regulations under the SFA introduced in 2018, issuers making offers to investors in Singapore have an obligation to make a determination whether their securities are a "prescribed capital markets product" as defined under the SFA and thereafter notify "relevant persons" (including the dealers) of such classification in writing before any offers are made. Dealers may not make any offers to investors in Singapore unless they have received the notification. This notification is typically included in the offering circular, pricing supplement, Bloomberg announcements and in the dealer agreement. Dealers should be mindful that they have to receive the notification before any offers to investors in Singapore can be made. Legal counsels should advise on the forms of each of these.

2) Where the securities are to be listed on the SGX, the issuer will need to notify the SGX of the classification of the securities via email (to be sent before any offers are made to productnotification@sgx.com[1]). It is recommended that the email notification be substantially in the form set out below:

   "*We refer to the proposed offering of [●] denominated [notes/perpetual securities] which will have a [fixed]/[floating] rate of interest (the "**Securities**") by [Issuer].*

   Pursuant to Section 309B(1)(b) of the Securities and Futures Act (Chapter 289 of Singapore), the Issuer hereby notifies the Singapore Exchange Securities Trading Limited that the Securities are classified as "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)."

3) For securities being issued under a programme, issuers can choose: (Option 1) to hardwire the product classification so that all issues under such programme will be assumed to be classified as such unless otherwise notified; or (Option 2) to make the determination of product classification only at each drawdown and have the notification included in the pricing supplement for such drawdown. Both options will require a legend to be included in the inside cover of the programme offering circular (recommended forms set out below):

   Option 1

   Version 1

   "***Singapore Securities and Futures Act Product Classification*** *– Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the [Notes/Securities] are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in*

[1] Or such address as required or updated from time to time

MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)."

Version 2

Notification under Section 309B of the SFA*: Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

Option 2

"***PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)***

*The Pricing Supplement in respect of any [Notes/Securities] may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the [Notes/Securities] pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). The Issuer will make a determination in relation to each issue under the Programme of the classification of the [Notes/Securities] being offered for purposes of section 309B(1)(a).*"

4) However, issuers, arrangers and dealers should always consult their legal counsels on the option and viability of hardwiring the notification for a programme.

5) Dealers should also note that a short-form legend will need to be included for Bloomberg announcements for drawdowns under the programme substantially in the recommended form set out below. In cases where there are no Bloomberg announcements released for the trade, e.g. private placements, this may also be reflected in the issuer and/or investor term sheets, as applicable.

"***Singapore Securities and Futures Act (SFA) Product Classification*** *– the [Notes/Securities] are "prescribed capital markets products" (as defined in the SF (CMP) Regulations) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*"]

1.4.4 Recommendation 10 – Reverse Enquires in Medium Term Note Programmes

Issuers are advised to make arrangements to ensure that copies of programme documentation requested by banks and securities firms, which are not parties to the MTN programme, can be made available, and obtained by them so as to assist with any reverse enquiries. If the issuer has not made any such arrangements then requests for programme documentation should be addressed to the issuer.

1.5 Offering Circulars and Disclosure

1.5.1 Recommendation 11 – Due Diligence, Meetings and Conference Calls with Issuers (and Guarantors)

1) Dealers should be given sufficient time to prepare for meetings and conference calls with the issuer, any guarantor and auditors in which they are invited to participate, including time to review the draft offering circular and other programme documents.

2) The issuer, any guarantor and auditors should make themselves available for due diligence sessions with both the Arranger(s) and Dealers. Dealers should be given reasonable time to review the due diligence questionnaire and the due diligence responses.

3) Should any verification meeting be held to verify the contents of an offering circular and Dealers are not invited to attend the meeting, the issuer should minimally provide confirmation to the Dealers that such meeting has been held.

1.5.2 Recommendation 12 – Importance of Accurate, Complete and Current Information in Offering Circulars

1) Generally, the issuer is responsible for ensuring that the offering circular contains all relevant information which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of any guarantor and of the rights attaching to such securities.

2) A supplement to the offering circular should be issued to investors, in the event that there is a significant new factor, material mistake or inaccuracy relating to information in the offering circular which would affect the assessment of the securities arising between the time the offering circular is published and the final closing of the offer, or the time when trading begins.

3) It is desirable for the offering circular to be updated annually, unless the programme is inactive. If a drawdown is made more than a year after the date of the offering circular, it will usually be advisable to update the offering circular.

4) An issuer who wishes to issue securities based on the offering circular of an MTN programme should be aware that it has a legal responsibility to ensure that the information in such offering circular is true, accurate and complete, not misleading and there is no information the omission of which would render any such information in the offering circular to be interpreted as misleading. If the issuer is unable to so confirm, it should update the offering circular accordingly.

1.5.3 Recommendation 13 – Disclosure of Ratings in Connection with Medium Term Note Programmes

1) Ratings may or may not be disclosed in the offering circular for an MTN programme as the offering circular would no longer be accurate if there was any change to an

issuer's/guarantor's debt ratings and/or such ratings may not be accurate for a particular tranche of notes.

2) Where ratings are included in the offering circular:

   a) the offering circular should accurately distinguish between the corporate credit rating of the issuer/guarantor and (if applicable) the different types of debt (such as senior/subordinated debt, short term/long term debt) that may be issued under the MTN programme. It should also be disclosed in the offering circular that tranches of notes issued under the MTN programme and/or certain categories of debt of the issuer/guarantor may not be rated or may be given a different rating to that set out in the offering circular;

   b) the offering circular should state that rating agencies usually assign individual ratings to a particular tranche of notes and that such ratings may differ from the ratings assigned to the MTN programme or notes as set out in the offering circular. If applicable, it should also be disclosed in the offering circular that these agency ratings may be provisional and never formally assigned because the issuer fails to take certain action required by the rating agency;

   c) market participants should consider with issuers on whether the offering circular should set out customary disclaimers in relation to any such ratings for any particular tranche of notes that, amongst other things, the credit ratings are a statement of opinion and based on a certain rating methodology, and if and how to disclose individual ratings for a particular tranche of notes based on relevant stock exchange requirements, legal and regulatory advice and market practice. However, the offering circular should not oblige market participants to do so; and

   d) a change in such ratings (as they relate to the issuer's/guarantor's debt generally) should generally result in a supplemental or new offering circular in accordance with any relevant stock exchange or legal or regulatory requirements.

3) Where reference is to be made to ratings in the offering circular, it is suggested that the following reference or any other comparable reference may be used:

   The MTN programme [or the notes [set out specific categories of debt] issued under the MTN programme] has [have] been rated xxx [include relevant [senior/subordinated, short term/long term] ratings] by [name(s) of rating agencies]. Tranches of notes issued under the MTN programme may be rated or unrated. Where a tranche of notes is rated, such rating will not necessarily be the same as the rating(s) assigned to the Programme [notes]. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

SECTION 2 – RECOMMENDATIONS FOR ALL ISSUES OF DEBT INSTRUMENTS INCLUDING SYNDICATED ISSUES UNDER MEDIUM TERM NOTE PROGRAMMES

2.1 Documentation

2.1.1 Recommendation 1 – Distribution of Draft Documentation and Execution of Agreements

1) For each issue, the Lead Manager is responsible for sending to each of the managers/Dealers the latest draft of the offering circular (which would include any prospectus, information memorandum or any similar document)(if any), final version of the agreements and any auditors' arrangement letter required to be executed by them or on their behalf together for receipt not later than two (2) full business days prior to signing.

2) In the case of an issue under a programme, the documentation to be provided under this Recommendation includes the pricing supplement for the issue and, if one is being produced, any supplement to the offering circular for the programme.

3) For standalone issue where a preliminary offering circular is being produced for an issue, the Lead Manager will send the latest draft to any manager whose name is to be printed on the preliminary offering circular together with the draft subscription agreement, for receipt not later than two (2) full business days before the preliminary offering circular is published. If for any reason the draft subscription agreement cannot be circulated together with the preliminary offering circular, the Lead Manager will notify the managers.

4) Lead Managers who request managers to appoint authorised signatories to execute agreements on their behalf and managers in providing such appointments should use the following form:

   We, [Name of your Institution], hereby appoint [Name of your signatory] or [Names of Lead Managers' signatories] acting alone with power to execute and deliver on our behalf the [Name of documents] in connection with the issue by [Name of issuer] of its [Description of securities being issued] and to take any other action necessary in connection with such issue.

   By: ..... Dated: .....

   Authorised representative

2.1.2 Recommendation 2 – Pricing Supplements

1) If a syndicate of managers is involved in the proposed issue, this should be indicated and the pricing supplement should set out the names of each manager.

2) The relevant legend for the issuer's notification to the managers of the product classification of the securities being issued will also need to be included in the pricing supplement if required. See Section 1, Recommendation 14 (3) above.

2.1.3 Recommendation 3 – Conditions Precedent

1) Programme documentation should contain the following conditions precedent to closing (unless managers have been notified, before they agreed to become managers, that these conditions will not be included):

   a) legal opinions from legal counsel confirming that the securities to be issued are (or will create) legal, valid and binding rights and that the contracts relating to the issue and the rights of the managers under them are legal, valid and binding, should be delivered to the Lead Manager on behalf of all the managers;

   b) in the case of a programme, a certificate, signed by a director (or other equivalent senior officer of the issuer or any guarantor) *inter alia*, (1) that the representations and warranties set forth in the dealer/programme agreement are true and correct, (2) the compliance of obligations and undertakings under the dealer/programme agreement and (3) that there has been no material adverse change since the latest available financial statements.

   c) comfort letter or letters to be obtained from the auditor to the issuer (and any guarantor). The auditor's first comfort letter should be dated the signing date for the issue and the legal opinions and/or auditors' second comfort letter should be dated the closing date of the issue. All comfort letters and legal opinions must be addressed to the managers and to the dealers as discussed under clause 3 of Section 1 Recommendation 5. Accordingly, the provision of comfort letters should, whenever practicable, be included as a condition precedent in the programme documentation.

2.2 Offering Circulars and Disclosure

2.2.1 Recommendation 4 – Updating Offering Circular

The offering circular for an issue under an MTN programme should be updated according to Section 1 Recommendation 12 above.

2.2.2 Recommendation 5 – Due Diligence

1) Under SFA**,** managers and underwriters involved in an offer of debt securities to the public are subject to civil and criminal liabilities for any false or misleading statements in, or omission of material information from, the prospectus issued in connection with a retail offering (or similar offering document). The SFA also provides for a due diligence defence against prospectus liability. Accordingly, Lead Managers should carefully consider the appropriate level of due diligence to be performed in the context of each issuance or drawdown.

2) The appropriate level of due diligence to be performed will vary and should be assessed on a case by case basis. Given that the type of securities being issued or the rights attached to those securities or the nature of the issuer and its business (among other things) affect the due diligence procedures, these guidelines do not prescribe whether or what due diligence procedures are appropriate in the circumstances.

2.2.3 Recommendation 6 – Including the Date of Offering Circular in Screen Announcements

1) Where there is a screen or Bloomberg announcement for issues under a programme, the Lead Manager should include the date of the offering circular (or supplement) that contains the terms and conditions of notes issued under the programme that apply to the issue being launched.

2) Managers should also note that a short-form legend will need to be included in such screen or Bloomberg announcements substantially in the recommended form set out Section 1, Recommendation 14 (5) above. below. In cases where there are no screen or Bloomberg announcements released for the trade, e.g. private placements, this may also be reflected in the issuer and/or investor term sheets, as applicable.

2.2.4 Recommendation 7 – Availability of Draft Offering Documentation

Where there are institutional offerings of securities by issuers that have not previously issued in the Singapore market, the preliminary offering circular should be made available to market participants and investors for a reasonable period (example, three (3) (business) days) before pricing of the issue.

2.2.5 Recommendation 8 – Availability of the Final Offering Circular

Where there is an institutional offering of securities, the final offering circular and/or final terms or pricing supplement should be made available by each member of the syndicate to each investor who had purchased such securities from it.

2.3 Relationships between Parties

2.3.1 Recommendation 9 – Relationship between Lead Managers and Managers

1) Where a Joint Lead Manager or Manager has provided a particular comment on the documentation neither the Lead Manager nor the legal counsel to the Joint Lead Manager and Managers should disclose the name of the relevant Joint Lead Manager or Manager to the issuer unless the relevant Joint Lead Manager or Manager has given its consent.

2.3.2 Recommendation 10 – Legal Counsel to Arranger(s) Managers Dealers

A law firm that is appointed to represent the Arranger(s), Managers or the Dealers should not represent any other party to the transaction or any other transaction (other than the trustee or its equivalent) where the transactions involve the establishment of a new programme, the amendment to or update of an existing programme beyond just a technical amendment/update, standalone issuances or a drawdown involving novel terms. The law firm must represent either the entire syndicate of managers or the entire manager/Dealer group, and not just the Lead Manager or Arranger(s).

It is not recommended that Issuers and the managers or the Dealers appoint a single law firm to act for both the Issuer and the managers or the Dealers on a standalone issuance or a drawdown

involving novel terms, even if the law firm erects Chinese walls to separate the teams acting for each side, to avoid any conflict of interests. This would ensure the transaction documents and legal opinions are fairly negotiated and each party is appropriately advised on their rights and liabilities under the transaction documents.

2.4 Interest Rates

2.4.1 Recommendation 11 – Fixing of Interest Rates for Floating Rate Notes

Given the potential discontinuation of LIBOR, the Singapore market will transition in phases from using the SGD Swap Offer Rate as a reference benchmark to the Singapore Overnight Rate Average. As such, issuers, managers or Dealers looking to issue securities (whether pursuant to a programme or on a standalone basis) pegged to a reference rate potentially affected by the discontinuation of LIBOR will need to have discussions with the working group and legal counsels on the appropriate alternative reference rate, fallback mechanisms and risk factor disclosure.

2.5 Credit Ratings

2.5.1 Recommendation 12 – Credit Ratings

1) Arranger or Lead Manager may wish to discuss with a potential issuer of securities the options of obtaining a credit rating from one or more credit rating agencies.

2) The considerations for issuers may include the following:

(a) the credit rating agency as an independent evaluation of the creditworthiness of the issuer as well as its debt instruments; thus, giving it an independent assessment. This can in turn:

(i) broaden the investor base of the issuer;

(ii) enable the issuer to engage with investors who do not have mandate to invest in unrated issuers or debt securities; particularly for domestic issuers to engage with international investors;

(iii) benefit less well-known issuers as independent credit rating will assist potential investors to understand the credit of these less well-known issuers more efficiently; and

(iv) improve the liquidity of the debt securities.

(b) a credit rating can assist an issuer to fully explore its strength or, as the case may be, take corrective actions to improve in areas identified by the credit rating agency; and

(c) a credit rating can provide a framework for an issuer to monitor its financial performance and incentivise the issuer to work at improving its credit rating so as to reduce its funding costs.

3) At an industry level, credit ratings, may help to develop an efficient capital markets in long run. Credit rating agencies typically share their methodologies in providing credit ratings. Thus, issuers, intermediaries and investors alike can assess the creditworthiness of issuers and debt instruments based on the same set of methodologies objectively. It will not only reduce the time of engagement between issuers and potential investors but also, enhance investors' understanding of the credit risks of various issuers and debt instruments.

For more information, please contact:

The Association of Banks in Singapore
10 Shenton Way #12-08 MAS Building
Singapore 079117
Tel: 6224 4300 Fax: 6224 1785
Email: banks@abs.org.sg
Website: www.abs.org.sg