



INTEGRUM

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EXEMPTION FRAMEWORKS AND AI OPT-IN REQUIREMENT FOR CROSS-BORDER ARRANGEMENTS

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INTRODUCTION

The Monetary Authority of Singapore (“**MAS**”) has implemented exemption frameworks for cross-border business arrangements involving Foreign Related Corporations (“**FRCs**”) and Foreign Offices (“**FOs**”) of capital markets intermediaries. These frameworks include an Accredited Investor (“**AI**”) opt-in requirement under the Securities and Futures (Classes of Investors) Regulations 2018, which will apply to customers served under the exemption frameworks starting from October 9, 2023.

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AMENDMENT REGULATIONS

To streamline compliance with the AI opt-in mandate, the MAS has released a series of amended regulations, which can be accessed on the [Singapore Statutes Online](#) website. These regulatory revisions encompass clauses aimed at safeguarding the AI status of pre-existing clientele, provided they refrain from entering into new transactions with the FRC/FO on or after 9 October 2023.

- 1) [Securities and Futures \(Classes of Investors\) \(Amendment\) Regulations 2023](#)
- 2) [Financial Advisers \(Exemption for Cross-Border Arrangements\) \(Foreign Related Corporations\) \(Amendment No. 2\) Regulations 2023](#)
- 3) [Financial Advisers \(Exemption for Cross-Border Arrangements\) \(Foreign Offices\) \(Amendment No. 2\) Regulations](#)

OPT-IN REQUIREMENT FOR ARRANGEMENTS

Below we present a summary chart of the implication of the opt-in requirement for arrangements immediately before and after the implementation date.

Activity	Scenario	Requirement
Dealing	The customer ¹ enters into derivatives transactions with the FRC/FO that matures on or after 9 October 2023 but, from 9 October 2023 onwards, the customer does not enter into new transactions with the FRC/FO.	The AI opt-in requirement does not apply.
	An existing customer enters into new transactions with the FRC/FO On or after 9 October 2023.	The AI opt-in requirement applies.
Product financing	An existing customer enters into a product financing transaction to facilitate the purchase of a listed equity security with the FRC/FO and the transaction remains outstanding beyond 9 October 2023 but that customer does not enter into any new product financing transaction with the FRC/FO.	The AI opt-in requirement does not apply.
	Before 9 October 2023, the customer obtains a credit facility from the FRC/FO for the purchase of listed equity securities. On or after 9 October 2023, the customer enters into new product financing transactions with the FRC/FO.	The AI opt-in requirement applies.
Providing custodial services	The customer enters into a custodial agreement with the FRC/FO prior to 9 October 2023 but, from that date onwards, the customer does not enter into new securities transactions which could result in additional securities being custodised by the FRC/FO.	The AI opt-in requirement does not apply.
	On or after 9 October 2023, the customer enters into new securities transactions which results in additional securities being custodised by the FRC/FO.	The AI opt-in requirement applies.

¹ "Customer" pertains to a customer engaged in notified cross-border arrangements who qualifies as an "accredited investor" as defined in section 4A(1) of the Securities and Futures Act.

Activity	Scenario	Requirement
Advising on corporate finance	The customer enters into a corporate finance advisory service agreement with the FRC/FO which completes after 9 October 2023 but, from that date onwards, the customer does not enter into new corporate finance advisory agreement with the FRC/FO.	The AI opt-in requirement does not apply.
	On or after 9 October 2023, the customer renews/enters into new corporate finance advisory service agreement with the FRC/FO	The AI opt-in requirement applies.
Fund management	Before 9 October 2023, the customer enters into a fund management agreement with the FRC/FO to authorise the latter to manage a designated pool of capital ("Sum A") and transfers over Sum A before that date. From 9 October 2023 onwards, the customer does not enter into any new fund management agreements with or transfer additional capital to be managed by the FRC/FO.	The AI opt-in requirement does not apply.
	The customer enters into an agreement with the FRC/FO to authorise the latter to manage Sum A, which is transferred on or after 9 October 2023.	The AI opt-in requirement applies.
	On or after 9 October 2023, the customer transfers additional capital to be managed by the FRC/FO (be it under an existing agreement or a new agreement with the FRC/FO).	The AI opt-in requirement applies
Financial advisory	Before 9 October 2023, the customer enters into a financial advisory service agreement with the FRC/FO and that service has been provided, with the recommendation to purchase an insurance policy agreed to by the customer, pending arrangement of the contract of insurance. And, from 9 October 2023 onwards, the customer does not receive financial advice from the FRC/FO.	The AI opt-in requirement does not apply.
	On or after 9 October 2023, the customer renews/enters into a new financial advisory service agreement or receives financial advice under an agreement entered into prior to 9 October 2023 from the FRC/FO.	The AI opt-in requirement applies.
Issuing or promulgating research analysis or reports	Before 9 October 2023, the research analysis or report is completed, and after 9 October 2023, issued to the customer.	The AI opt-in requirement does not apply.
	On or after 9 October 2023, the research analysis or report is completed.	AI opt-in requirement applies.

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