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- **MAS issues statement on AT1 instruments issued by Singapore banks**
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ELTIF2 published in OJ

Regulation (EU) 2023/606 amending the Regulation (EU) 2015/760 as regards the requirements pertaining to the investment policies and operating conditions of European long-term investment funds and the scope of eligible investment assets, the portfolio composition and diversification requirements and the borrowing of cash and other fund rules (ELTIF2) has been published in the Official Journal.

ELTIF2 will enter into force on 9 April 2023.

Croatia joins European Stability Mechanism

The Republic of Croatia has joined the European Stability Mechanism (ESM).

This follows Croatia's adoption of the euro on 1 January 2023 and the ESM's approval of Croatia's application to become a member of the organisation on 5 December 2022.

Croatia subscribed to EUR 3.7 billion of the ESM capital stock, with an initial contribution of EUR 422.29 million to the ESM's paid-in capital, which provides backing for the bonds and bills issued by the ESM. This amount will be paid in five annual tranches. As a country with a GDP per capita of below 75% of the EU average, Croatia benefits from a temporary correction that lowers its paid-in capital contribution by EUR 233 million until 2035.

EMIR 3.0: ESRB writes to EU Parliament and EU Council

The European Systemic Risk Board (ESRB) has written two letters to Members of the EU Parliament and to the Chair of EU Council's Working Party regarding the proposed review of the European Market Infrastructure Regulation (EMIR).

The letters set out the ESRB's suggestions on the EU Commission's proposals, focussing on five areas that it believes have either not been addressed in the proposals or where the co-legislators could enhance the current proposals. The ESRB's suggestions include, among other things:

- amending the text of the draft Regulation to provide criteria for the implementation of the requirement to establish and maintain an active account in central counterparties (CCPs) in the EU, and address gaps in the framework to ensure the requirements serve their purpose effectively;
- implementing some of the ESRB's previously proposed approaches to improve data quality in order for the proposed Joint Monitoring Mechanism (JMM) to be able to carry out its monitoring tasks effectively;
- regarding collateral, either ensuring that the current temporary extensions around uncollateralised bank guarantees for energy markets do not become permanent, or applying the same strict cumulative conditions regarding the acceptance of uncollateralised bank guarantees as those currently applied in the adjusted regulatory technical standards (RTS);

- consider including a caveat with regard to the scope of the non-objection procedure, so that the procedure is not permitted where settlement in a new EU currency would be added to a class of financial instruments already covered by the CCP's authorisation; and
- clarifying the interaction between the JMM and the existing supervisory framework to ensure appropriate coordination and information-sharing mechanisms, as well as having resolution authorities of both CCPs and the largest clearing members contribute to the intended work of the JMM.

The ESRB's suggested drafting changes in full are contained within annexes to the letters.

BRRD: Delegated Regulation amending Delegated Regulation (EU) 2015/63 on ex ante contributions to resolution financing arrangements as regards methodology for calculating liabilities arising from derivatives published in OJ

Commission Delegated Regulation (EU) 2023/662 amending Delegated Regulation (EU) 2015/63 on ex ante contributions to resolution financing arrangements under the Bank Recovery and Resolution Directive (BRRD) as regards the methodology for the calculation of liabilities arising from derivatives has been published in the Official Journal.

The second Capital Requirements Regulation (CRR2) introduced a new method for calculating liabilities arising from derivatives under the standardised approach to counterparty credit risk (SA-CCR), which is not suitable for the purposes of Delegated Regulation (EU) 2015/63. The amending Delegated Regulation reinstates the current exposure method (CEM), renamed as the 'simplified exposure method', for calculating liabilities arising from derivatives, and inserts provisions equivalent to the original Articles 429, 429a and 429b of the CRR into Delegated Regulation (EU) 2015/63 as Articles 5a to 5e.

The Delegated Regulation will enter into force on 23 March 2023 and apply retroactively as of 1 October 2022.

EBA consults on amendments to reporting on Fundamental Review of the Trading Book

The European Banking Authority (EBA) has launched a public consultation on its draft implementing technical standards (ITS) amending the ITS on specific reporting requirements on market risks (FRTB reporting), in order to provide supervisors with the necessary tools to monitor these risks.

The planned amendments are intended to provide supervisors with the necessary data to monitor institutions' implementation of the Fundamental Review of the Trading Book (FRTB) approaches and their compliance with the own funds requirements for market risk. The amendments mostly affect institutions with significant business subject to market risk, thus reflecting the proportionality elements embedded in the Capital Requirements Regulation (CRR).

The consultation paper also illustrates a set of possible amendments to the ITS on supervisory reporting, mainly reflecting the trading book boundary framework. Those amendments are, in principle, relevant for all institutions.

Comments are due by 21 June 2023.

Basel Committee reviews recent bank and market developments

The Basel Committee on Banking Supervision (BCBS) has published a press release following its meetings on 14, 22 and 23 March 2023.

Among other things, the Committee:

- discussed the outlook for the global banking system in the light of recent economic and financial market developments;
- reaffirmed its expectation of implementing all aspects of the Basel framework in a full and consistent manner as soon as possible;
- discussed its work related to the development of a Pillar 3 disclosure framework for climate-related financial risks, and agreed to issue a consultation paper on the proposed framework by the end of 2023;
- took stock of the progress made to date regarding the review of both the structure and content of the Basel Core Principles and agreed to consult on revisions by mid-2023;
- approved a workplan to continue to assess and mitigate risks from cryptoassets to the global banking system; and
- reviewed and approved the assessment reports on South Africa's implementation of the net stable funding ratio (NSFR) and large exposures framework.

HM Treasury and FCA publish joint statement on criminal market abuse regime

HM Treasury and the Financial Conduct Authority (FCA) have completed a review of the criminal market abuse regime.

In the Economic Crime Plan 2019-22, the Government and FCA committed to jointly reviewing the criminal market abuse regime.

The FCA and HM Treasury have completed the review and have identified a number of areas where the Government believes it would be appropriate to update the criminal regime. This sits alongside the Government's acceptance of the recommendations of the Fair and Effective Markets Review (FEMR) in relation to market abuse, where the Government intends to lay secondary legislation in 2023.

As part of the Future Regulatory Framework (FRF) programme, which was established to determine how the financial services regulatory framework should adapt to the UK's new position outside of the EU, the Government intends to repeal the Market Abuse Regulation and the civil market abuse regime, and replace it with UK-specific legislation. The Government intends to set out a timetable for this in due course.

BaFin publishes updated circular on high-risk jurisdictions

The German Federal Financial Supervisory Authority (BaFin) has published Circular 04/2023 (GW) on high-risk jurisdictions with strategic deficiencies in their regime on anti-money laundering and countering terrorist financing and proliferation financing, posing significant risks to the international financial system. In the circular, BaFin lists the high-risk jurisdictions pursuant to Commission Delegated Regulation (EU) 2016/1675 as amended by Commission Delegated Regulation (EU) 203/410 and notes the Financial Action Task Force (FATF) update on 'High-Risk Jurisdictions subject to a Call for Action' of 24 February 2023, as well as the FATF report 'Jurisdictions under Increased Monitoring' of the same date. Further, the circular outlines legal consequences and measures taken by BaFin in relation to high-risk jurisdictions.

The circular replaces the previous BaFin circulars on the contents of the EU and FATF country lists regarding deficiencies in countering money laundering, terrorist financing and proliferation financing

Italian Government passes DLT Decree to allow issuance of digital securities in Italy

The Italian Government has passed the DLT Decree (Decree-Law no. 25/2023), a new law setting out the framework for the issuance of securities in digital form by means of distributed ledger technology (DLT).

With the DLT Decree, Italy is seeking to close the gap with other EU jurisdictions where similar laws have been passed in recent years. As noted in the recitals, a key purpose of the DLT Decree is to ensure that Italian market participants do not find themselves at a competitive disadvantage relative to participants in other EU Member States.

In particular:

- Italy's new DLT Decree makes it possible to issue digital securities in Italy;
- securities eligible for issuance in digital form include shares, bonds, fund units and other securities;
- digital securities will be hosted on a distributed ledger, the person in whose name a given security is entered in the ledger will be deemed to be holder of that security, in-rem rights over digital securities will also be created and evidenced solely by way of entries in the ledger; and
- the ledger will be kept either by a DLT settlement system (DLT SS) or DLT trading and settlement system (DLT TSS) authorised under the EU Pilot Regime (Regulation (EU) 2022/858), or by a 'person responsible for the ledger', i.e. a ledger operator accepting responsibility for the proper functioning of the ledger.

The DLT Decree was enacted in the form of a decree-law issued by the Government and will need to be converted into ordinary law by the Parliament within 60 days of its publication in the Official Gazette.

Consob consults on implementation of EU Securitisation Regulation

The Italian securities regulator, the Commissione Nazionale per le Società e la Borsa (Consob), has launched a public consultation on the implementing provisions of the Securitisation Regulation ((EU) 2017/2402, as amended), which lays down a general framework for securitisation and creates a specific framework for simple, transparent and standardised securitisation, following the recent amendments made to the Italian primary legislation (the Italian Financial Act).

The consultation document is intended to define the provisions applicable to entities supervised by Consob that take part in securitisation transactions.

In particular, the new set of provisions concerns notification requirements (of securitisation transactions) to Consob and the organisational requirements, pursuant to Article 30(3) of the Securitisation Regulation.

Comments are due by 16 May 2023.

Luxembourg law of 15 March 2023 implementing EU Regulation on a pilot scheme for market infrastructures based on DLT published

The Law of 15 March 2023 implementing Regulation (EU) 2022/858 on a pilot scheme for market infrastructures based on DLT was published in the Luxembourg official journal (Mémorial A).

The purpose of the Law is to expressly recognise DLT technology in the financial sector and to enable financial market participants to take full advantage of the opportunities offered by this new technology, with full legal certainty.

The Law amends several laws relating to the financial sector, including:

- the law of 5 April 1993 on the financial sector (as amended) (FSL), which notably clarifies that the definition 'financial instrument' also includes financial instruments issued by means of DLT as defined in article 2(1) of Regulation (EU) 2022/858;
- the law of 5 August 2005 on financial collateral arrangements (as amended), which now incorporates a technology neutral approach as already provided for in article 18bis(2) of the law of 1 August 2001 on the circulation of securities, as amended, by clarifying that 'book-entry financial instruments' also include securities registered or existing in securities accounts maintained in or through secure electronic recording devices, including distributed electronic registers or databases; and
- the law of 30 May 2018 on markets in financial instruments (as amended) (MiFID Law), which reflects the abovementioned amendment of the FSL.

This Law follows up on two laws already in force since some time dealing with DLT in the Luxembourg legal framework and is therefore also called sometimes 'Blockchain III Law'. The two laws mentioned are namely a law of 1 March 2019 recognising expressly the use of electronic recording devices such as DLT for the custody of book-entry financial instruments and a law of 22 January 2021 concerning the issuance of dematerialised securities with issuance accounts using such devices, including DLT, for registering a dematerialised securities issuance.

The Law entered into force on 23 March 2023.

CSSF issues circular on Pillar 3 disclosure framework

The Luxembourg financial sector supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), has issued Circular 23/830 on the public disclosure framework applicable to credit institutions and CRR investment firms (Pillar 3).

Commission Implementing Regulation (EU) 2021/637 lays down ITS on Pillar 3 disclosures by institutions of the information referred to in Titles II and III of Part Eight of the CRR.

The application of this disclosure framework triggered some overlap with existing requirements contained in the EBA guidelines. For this reason, the EBA decided to repeal several of its guidelines. Consequently, the circular repeals the previous CSSF Circulars 15/605, 17/673 and 18/676 adopting those guidelines.

Furthermore, the ITS specify Pillar 3 disclosure requirements on non-performing and forborne exposures that are applicable only to large and other listed institutions, in line with the CRR. However, the EBA has noted that, in a post COVID-19 environment and considering the current geopolitical developments, external stakeholders' access to relevant information on non-performing and forborne exposures of all types of institutions, except for small and non-complex institutions that are non-listed, should be maintained.

Therefore, the amending guidelines (EBA/GL/2022/13) adjust the scope of application of the guidelines (EBA/GL/2018/10) to clarify that:

- the guidelines will not apply to large and other listed institutions that are covered by the disclosure requirements under the ITS on Pillar 3 disclosures, but
- the guidelines will continue to apply only to listed small and non-complex institutions and to other institutions that are non-listed, subject to certain exceptions. Also, small and non-complex institutions that are not listed are not subject to any disclosure requirements for non-performing and forborne exposures.

In this context, the scope of application of Circular CSSF 20/751 adopting, amongst others, these EBA guidelines, is modified accordingly by the circular. The details of the amendments are set out in Annex 1, which contains a consolidated version of the amended Circular CSSF 20/751 with tracked changes.

The circular applies with immediate effect.

Dutch Ministry of Finance publishes policy agenda for financial sector

The Minister of Finance, Sigrid Kaag, has published her policy agenda for the financial sector, which gives direction to her policy for the financial sector in the coming years. The agenda describes the landscape surrounding the financial sector, with a focus on a sustainable economy, social responsibility of the financial sector, digitalisation and macro-economic developments. The ambitions of Ms. Kaag for the financial sector include:

- contributing to a sustainable world (e.g. through commitments, reporting standards and possibly other regulations);
- being healthy and resilient (e.g. by addressing risks relating to sustainability and digitalisation);
- being inclusive and taking social responsibility (by putting the client's interest first and addressing customer protection beyond consumer protection); and
- being innovative and future-oriented.

In respect of the latter, the Minister has indicated that her Ministry is currently conducting a further study of the fintech sector, and further research into the digital euro and the risks and opportunities of decentralised finance. Finally, Kaag notes that it is of particular importance that current developments are and will be addressed at the EU level.

Spanish Securities Markets and Investment Services Act published in Official Gazette

The Spanish Securities Markets and Investment Services Act has been published in the Spanish Official State Gazette. The law repeals the existing Spanish Securities Market Act and sets the legal framework for Spanish securities markets and investment services, governing, among others, the issuance and offer of financial instruments, the trading venues, the registry and settlement systems for financial instruments and the investment services firms.

The Spanish Securities Markets and Investment Services Act implements several EU Directives and, among other things, introduces certain novelties for the Spanish primary markets, for investment services firms and for public tender offers, creates a special legal regime for special purpose acquisition companies (SPACs) and it allows for financial instruments to be represented by means of distributed ledger technologies.

The Spanish Securities Markets and Investment Services Act will enter into force on 7 April 2023, except for certain exceptions.

Swiss National Bank publishes annual report and sustainability report

The Swiss National Bank (SNB) has published its annual report for 2022. The annual report contains the accountability report submitted by the Governing Board to the Federal Assembly and sets out how the SNB has fulfilled its tasks pursuant to article 5 of the National Bank Act (NBA) during the past year. The second part comprises the financial report, which provides information on organisational and operational developments as well as the financial result.

The SNB has also published its sustainability report. The sustainability report explains how the SNB implements the principle of operational sustainability in its interactions with employees, society and the environment.

FINMA provides information about basis for writing down AT1 capital instruments

The Swiss Financial Market Supervisory Authority (FINMA) has issued a statement on the basis for the complete write-down of the nominal value of Additional Tier 1 capital (AT1) instruments issued by Credit Suisse.

The AT1 instruments issued by Credit Suisse contractually provide that they will be completely written down in a 'viability event', in particular if extraordinary government support is granted. As Credit Suisse received extraordinary liquidity assistance loans secured by a federal default guarantee on 19 March 2023, these contractual conditions were met for the AT1 instruments issued by the bank.

On 19 March 2023, the Federal Council enacted the Emergency Ordinance on Additional Liquidity Assistance Loans and the Granting of Federal Default Guarantees for Liquidity Assistance Loans by the SNB to Systemically

Important Banks. The Ordinance also authorises FINMA to order the borrower and the financial group to write down Additional Tier 1 capital.

Based on the contractual agreements and the Emergency Ordinance, FINMA instructed Credit Suisse to write down the AT1 bonds.

AT1 instruments in Switzerland are designed in such a way that they are written down or converted into Common Equity Tier 1 capital before the equity capital of the bank concerned is completely used up or written down. The instruments publicly issued by large banks are mainly held by institutional investors due to their risk profile and large denominations.

The press release contains a list of affected AT1 instruments. FINMA has specified that Tier 2 bonds will not be written down.

China consults on draft Administrative Measures on the Supervision of Derivatives Trading

The China Securities Regulatory Commission (CSRC) has issued a consultation draft of the Administrative Measures for the Supervision of Derivatives Trading. The draft is intended to provide further clarity in respect of derivatives trading in the PRC and to facilitate the implementation of the PRC Futures and Derivatives Law that came into effect on 1 August 2022.

The consultation draft consists of eight chapters and aims to establish an overarching regime applicable to the trading and clearing of derivatives, including but not limited to prohibited conduct when trading derivatives, regulation of operators and market participants of derivatives, and infrastructure used in the derivatives market.

Among other things, the consultation draft:

- only applies to the derivatives market regulated by the CSRC, which includes the markets operated by the securities and futures exchanges, referred to as 'exchanges' and by the securities and futures companies or their subsidiaries, referred to as 'institutions'. Specifically, it does not cover the inter-bank derivatives market or the OTC derivatives market operated by banking and insurance institutions;
- provides that overseas entities engaging in derivatives trading activities within the territory of the PRC need to obtain prior approval from the CSRC and comply with the relevant rules. For derivatives transactions occurring outside the PRC which are hedged by derivatives transactions within the PRC, certain rules are also applicable, including rules on disclosure of interest as well as prohibited trading practices as further elaborated below;
- provides that, for the purposes of disclosure of interest and the application of rules relating to tender offers, interests represented by equity derivatives referencing the relevant name shall be consolidated with other equity interests held directly or indirectly by the relevant market participant;
- requires exchanges to report newly offered types of derivatives contracts on such exchange to the CSRC, and requires institutions to report the newly-introduced types of derivatives contracts to the relevant industry associations;
- provides that the CSRC may set position limits and require large position reporting as per its regulatory needs. The position shall be calculated on a consolidated basis when the derivatives transactions and futures

transactions reference the same or similar underlying asset. Specific consolidation rules will be issued by industry associations, exchanges, and/or futures exchanges. Institutions and other market participants may apply for a waiver of the position limit in accordance with rules to be separately formulated by the CSRC if the derivative transactions are conducted for hedging purposes;

- provides that margin requirements for derivatives transactions will be further set out by industry associations, exchanges, and/or derivatives clearing institutions and shall be abided by all participants in the derivatives market;
- sets out the prohibited conducts relevant to derivatives trading. Apart from prohibiting insider trading, market manipulation and short-swing trading, the consultation draft specifically prohibits the use of derivatives transactions for the purpose of bypassing certain restrictions on sell-down of shares;
- clarifies that only professional market participants (as defined by the CSRC) can engage in derivatives transactions whereas certain exemptions are applicable if the concerned transactions are carried out for hedging or other risk management purposes. Furthermore, the accounts for trading derivatives shall be opened by the suitable professional market participant in its own name and cannot be used by others; and
- requires institutions to separate their derivatives businesses from other businesses and avoid conflicts of interest. Institutions are also required to report to the CSRC a summary of their derivatives business semi-annually and annually and file an audit report on their internal control systems each year.

Comments are due by 16 April 2023.

JBA TIBOR Administration publishes results of public consultation on JBA TIBOR fallback issues

The Financial Services Agency (FSA) has published a press release, referring to the results of the Japanese Bankers Association TIBOR Administration (JBATA)'s public consultation in August 2022 on issues related to JBA TIBOR fallbacks, and focussing on issues identified in relation to transition procedures encapsulated under Principle 13 of the International Organization of Securities Commission's (IOSCO's) Principles.

The public consultation sought comments on appropriate benchmark replacement to be referenced as an alternative to JBA TIBOR. In particular, for Japanese law governed cash products (loans and bonds) referencing Japanese Yen TIBOR or Euroyen TIBOR, the public consultation set out the JBATA's proposals with respect to:

- conditions on which fallback provisions are activated (triggers);
- options of fallback rates that could be referenced to substitute JBA TIBOR as reference rates; and
- methodologies of the spread adjustment between JBA TIBOR and the fallback rate.

Through the consultation, the JBATA received feedback from eleven respondents (ten financial institutions and one trade association), who expressed broad support for proposals with respect to almost all consultation questions. The JBATA has set out its views on the introduction of fallback provisions in contracts referencing JBA TIBOR, including:

- for Euroyen TIBOR, it expects users to promptly consider the introduction of fallback provisions for Euroyen TIBOR contracts that will mature after the end of December 2024, given that the permanent cessation for Euroyen TIBOR at the end of December 2024 is under consideration; and
- for Japanese Yen TIBOR, the permanent cessation of which has not yet been discussed, it expects its users to consider the introduction of fallback provisions (compounded TONA (fixing in arrears) or term RFR) for those contracts referencing Japanese Yen TIBOR from the perspective of enhancing the stability and robustness of contracts.

Based on the comments, the JBATA intends to amend and publish the JBA TIBOR Operational Rules and other relevant rules and guidelines. The JBATA also intends to consult on whether to permanently cease the publication of Euroyen TIBOR.

The FSA expects users of JBA TIBOR to use the results of the public consultation as a reference and work on the introduction of fallback provision for contracts referencing JBA TIBOR and further enhance the robustness of contracts.

Financial Services and Markets (Amendment) Bill 2023 moved for first reading in Singapore Parliament

The Financial Services and Markets (Amendment) Bill 2023 (FSM(A) Bill) has been moved for its first reading in the Singapore Parliament following a public consultation in October 2021.

Currently, financial institutions (FIs) are unable to alert each other of unusual activity in their customers' accounts, creating a weakness in the effective detection of illicit financial flows. To address this, the MAS will establish Collaborative Sharing of Money Laundering / Terrorism Financing Information & Cases (COSMIC), a secure digital platform for FIs to share information with each other on customers that exhibit multiple red flags indicative of potential illicit activities.

COSMIC will be jointly developed by the MAS and six major commercial banks in Singapore. It will initially focus on three key financial crime risks in commercial banking, namely:

- abuse of shell companies;
- misuse of trade finance for illicit purposes; and
- proliferation financing (PF).

The FSM(A) Bill sets out provisions for COSMIC's initial phase, during which all sharing will be on a voluntary basis. Amongst other things, the FSM(A) Bill will:

- permit the sharing of customer information solely for the purposes of mitigating money laundering (ML), terrorism financing (TF) and PF risks, and such sharing may be done despite any legal or contractual restrictions. Customer information sharing will also only be permitted if the customer's behaviour or transaction activities exhibit pre-determined red flags that cross stipulated thresholds;

- prohibit FIs from disclosing the information obtained from COSMIC except in specified circumstances. The FIs will also be required to establish controls to safeguard information security and confidentiality;
- provide statutory protection from civil liability for FIs in respect of their disclosure of risk information onto COSMIC, provided that the disclosure was made with reasonable care and in good faith, and in accordance with the disclosure thresholds; and
- allow the MAS access to information on COSMIC for supervisory purposes and allow the Suspicious Transaction Reporting Office direct access to use COSMIC information as an additional data source for its own analysis.

When passed, the Financial Services and Markets (Amendment) Act 2023 will come into operation on a date that the Minister appoints by notification in the Government's Official Gazette.

MAS issues statement on AT1 instruments issued by Singapore banks

The Monetary Authority of Singapore (MAS) has issued a statement announcing that it intends to abide by the hierarchy of claims in liquidation while exercising its powers to resolve a financial institution (FI). This means that equity holders will absorb losses before holders of Additional Tier 1 (AT1) and Tier 2 capital instruments.

The MAS has further highlighted that:

- creditors who receive less in a resolution compared to what they would have received had the FI been liquidated would be able to claim the difference from a resolution fund that would be funded by the financial industry;
- the creditor compensation framework will also apply in the exceptional situation where the MAS departs from the creditor hierarchy in order to contain the potential systemic impact of the FI's failure or to maximise the value of the FI for the benefit of all creditors as a whole; and
- its resolution framework is in line with the Financial Stability Board's 'Key Attributes of Effective Resolution Regimes for Financial Institutions'.

MAS issues notice imposing due diligence requirements for corporate finance advisers

The MAS has issued Notice SFA 04-N21 on Business Conduct Requirements for Corporate Finance Advisers following its December 2021 public consultation.

The Notice imposes mandatory baseline standards of due diligence and conduct requirements for corporate finance (CF) advisers.

Among other things, CF advisers are required to:

- conduct due diligence with reasonable care, skill and diligence including in certain areas;
- verify material representations;
- conduct background checks and interviews with relevant stakeholders;
- conduct site visits of prospective issuers' key assets;

- assess knowledge, skills, and experience of third-party service providers; and
- ensure that material issues are satisfactorily resolved or clearly disclosed.

CF advisers will also have to comply with enhanced requirements to mitigate conflicts of interests, such as where the adviser's related corporations or controlling shareholders also provide services to the same customer. CF advisers are also subject to requirements on governance and supervision.

The new due diligence requirements in the Notice do not apply in the context of paragraph 19, when CF advisers advise:

- another person concerning the arrangement, reconstruction or take-over of a corporation or any kind of the corporation's assets or liabilities, provided that such advice is not specifically given for the making of any offer of shares, units in a business trust or units in a collective investment scheme constituted as a trust to the public (by the person); or where the person is listed on an approved exchange, such advice is not circulated to the shareholders of the person, or otherwise made known to the public; or
- on offers of specified products made only to persons who are accredited investors, expert investors or institutional investors;

Along with the Notice, the MAS has also published its response to feedback on the public consultation. In its response, the MAS clarifies that:

- CF advisers advising on offers to non-retail investors and transactions not involving any listed companies will not be required to comply with the due diligence requirements in paragraph 19 of the Notice; and
- financial institutions will not be subject to the Notice when acting as bookrunner, placement agent or underwriter, or involved in other roles, where these do not constitute the carrying on of the regulated activity of advising on CF under the Securities and Futures Act 2001.

MAS Notice SFA 04-N21 on Business Conduct Requirements for Corporate Finance Advisers is effective from 1 October 2023.