

## Frequently Asked Questions

### **Regulatory Changes relating to Accredited Investor Regime**

#### **1. What are the regulatory changes to the “Accredited Investor” (“AI”) regime and how will these affect me?**

The Monetary Authority of Singapore has recently implemented legislative amendments aimed at enhancing regulatory safeguards for investors. The criteria for an investor to qualify as an AI has been refined with effect from 8 October 2018 and from 8 April 2019, an opt-in regime will provide investors the option of electing for AI status.

The Bank is required to independently assess the AI eligibility of its clients. For the criteria and supporting documents to qualify as an AI, please refer to Questions 2 and 3 respectively.

#### **2. How do I qualify for an AI status?**

The prescribed AI wealth or income thresholds are as follows:

<b>Qualification for Accredited Investors (AI) Status</b>
<p><b>Individual mentioned in section 4A(1)(a)(i) of the Securities and Futures Act, Chapter 289 (“SFA”)</b></p> <p>An individual mentioned in section 4A(1)(a)(i) of the SFA is an individual:</p> <p>(A) whose net personal assets exceed in value S\$2 million (or its equivalent in a foreign currency);</p> <p>(B) whose financial assets (net of any related liabilities) exceed in value S\$1 million (or its equivalent in a foreign currency), where “financial asset” means:</p> <p style="padding-left: 40px;">(BA) a deposit as defined in section 4B of the Banking Act, Chapter 19 of Singapore;</p> <p style="padding-left: 40px;">(BB) an investment product<sup>1</sup> as defined in section 2(1) of the Financial Advisers Act, Chapter 110 of Singapore; or</p> <p style="padding-left: 40px;">(BC) any other asset as may be prescribed by regulations made under section 341 of the SFA; or</p> <p>(C) whose income in the preceding 12 months is not less than S\$300,000 (or its equivalent in a foreign currency).</p> <p>In determining the value of an individual’s net personal assets for the purposes of subsection (1)(a)(i)(A), the value of the individual’s primary residence:</p> <p>(a) is to be calculated by deducting any outstanding amounts in respect of any credit facility that is secured by the residence from the estimated fair market value of the residence; and</p> <p>(b) is taken to be the lower of the following:</p> <p style="padding-left: 40px;">(i) the value calculated under paragraph (a);</p> <p style="padding-left: 40px;">(ii) S\$1 million.</p>

<sup>1</sup> Including securities, securities-based and other derivatives contracts, collective investment schemes, and life policies.

### 3. What supporting documents should I submit for AI eligibility assessment?

The supporting documents required may include the following:

Examples of supporting documents	
<b>Individuals</b>	<p>For Net Personal Assets / Net Financial Assets:</p> <ul style="list-style-type: none"><li>• Latest bank statement,</li><li>• Latest statement from the Central Depository (Pte) Ltd (CDP) showing personal assets</li></ul> <p>Latest statement from brokerage houses showing net personal assets</p> <p>For net equity of property:</p> <ul style="list-style-type: none"><li>• Title deeds free of encumbrances</li><li>• Latest housing loan statement</li></ul> <p>For income:</p> <ul style="list-style-type: none"><li>• Salary Slip</li><li>• Latest Notice of Assessment or overseas tax authorities' returns</li><li>• Letter from employer certifying individual's income in the preceding 12 months</li></ul>

### 4. What does it mean to be an AI?

An AI generally has access to a wider range of financial products and services. These include restricted products like structured notes, equity linked notes and selected bonds.

AIs are assumed to be better informed, and better able to access resources to protect their own interests, and therefore require less regulatory protection. Investors who agree to be treated as AIs therefore forgo the benefit of certain regulatory safeguards. For example, issues of securities are exempted from issuing a full prospectus registered with the Monetary Authority of Singapore in respect of offers that are made only to AIs, and intermediaries are exempted from a number of business conduct requirements when dealing with AIs. Investors should consult a professional adviser if they do not understand any consequence of being treated as an AI.

For details on the relevant regulatory requirements which we will be exempted from when serving you as an AI, please refer to <https://www.hsbc.com.sg/aichanges>

### 5. What does it mean to be a non-AI?

Generally, a non-AI (ie, a retail customer) has access to a more limited range of financial products and services as compared to those available to an AI. Products typically available to retail customers include most mutual funds, life insurance and dual currency investments.

If you do not opt in for AI status or if you opt out from AI status, the Bank will be required to treat you as a retail customer and there may be limitations on new investment products that we may offer to you. If you were previously regarded as an AI but subsequently opt out, we will still be able to provide services to you for your existing investments subject to any regulatory restrictions applying to a retail investor.

## 6. What is the significance of 8 April 2019?

If you are an existing customer who has **not been** assessed as an AI by the Bank – there are 3 steps before you can become or continue to be an AI:

- (a) Provide us with supporting documents to qualify for AI (refer to Question 3);
- (b) the Bank must assess that you qualify to be an AI (based on the documentary evidence provided by you); and
- (c) following the assessment confirmation by the Bank, provide us with the signed **opt-In confirmation**.

If you fail to provide us with the above before 8 April 2019, the Bank will treat you as a retail customer (refer Question 5 for details). This means you can only access retail products from the Bank (like most mutual funds, life insurance, dual currency investments) but not restricted products (like structured notes, equity linked notes and select bonds).

If you are already assessed as an AI by the Bank before 8 April 2019 – then there is no immediate action from your side. However, you need to provide us with the opt-in confirmation by 8 July 2020 failing which we will treat you as a retail customer. Please see Question 5 for what it means to be a non-AI.

## 7. Can I elect to have a different status for each of my accounts with HSBC?

AI status is held on a per financial institution basis. If you opt in for AI status, this will be applied to all account(s) which are held in your name with HSBC Bank (Singapore) Limited. AI status cannot be at a transaction or specific product holding level.

## 8. How do I opt-in to be treated as an AI?

If you meet the pre-requisites to qualify as an AI and would like to opt in to be treated as an AI for your account(s), please:

- (a) Provide us with supporting documents to qualify for AI (refer to Question 3);
- (b) the Bank must assess that you qualify to be an AI (based on the documentary evidence provided by you); and
- (c) following the assessment confirmation by the Bank, provide us with the signed **opt-In confirmation**.

For joint accounts, please see Question 12 below.

## **9. How do I opt out of the AI status?**

Existing AI clients may opt out of the AI status at any time. If you are an existing AI and wish to opt out of the AI status, please complete and return the **Opt-Out Confirmation**. Your opt out confirmation will apply to all your sole accounts and to any joint account you may have. For further information on joint accounts, please see Question 12 below.

Do note the Bank may take approximately 14 days to process your request. We will notify you once your request has been processed and your investor status has been updated in our records. Until such time, you would still be considered an AI.

If you were previously regarded as an AI but subsequently opt-out, we will still be able to provide services to you for your existing investments subject to any regulatory restrictions applying to a retail investor.

## **10. HSBC Bank (Singapore) Limited has informed me that I have been assessed to be an AI. What else am I required to do?**

If you are an existing AI customer of the Bank and our letter/notice confirms you have before 8 April 2019 been assessed to qualify for AI status, you will be required to sign an opt-in confirmation by 8 July 2020 before we can continue treating you as an AI.

If you are a new customer of the Bank and our letter/notice confirms you have been assessed on or after 8 April 2019 to qualify for AI status, you will be required to sign an opt-in confirmation before we can start treating you as an AI.

**11. How will I know if my opt-in / opt -out request has been processed? How long will the Bank take to process my request?**

The Bank may take approximately 14 days to process your request. HSBC will notify you once your request has been processed and your investor status has been updated in HSBC records.

**12. What is the criteria for my joint account to qualify for AI status?**

In order for a joint account to qualify for AI status:

- (a) at least one joint account holder must have been assessed as qualifying as an AI and that joint account holder has opted in for AI status; **and**
- (b) all other joint account holders who do not qualify for AI status (in their individual capacity) must have opted in for AI status in respect of the joint account.

If any one of the joint account holders has **not** opted in for AI status, the joint account will be designated as a retail joint account and none of the joint account holders will be able to transact through that joint account as an AI.

Likewise, if **any one** joint account holder opts out of AI status, the joint account will be re-designated as a retail joint account and none of the joint account holders will be able to transact through that joint account as an AI.