

The Small Offer Exemption

The **small offer exemption** applies to offers of securities, securities-based derivatives or units in collective investment schemes (CIS) (whether or not the schemes have previously been issued) made by any person where **the total amount** raised by the person from the offers **does not exceed S\$5 million** (or its equivalent in any foreign currency) **in any 12-month period**.

This exemption sits alongside other exemptions as follows.

Private placement exemption. Section 272B(1) of the SFA provides a safe harbour for private placements of securities or securities-based derivatives contracts of an entity or business trust **offered to not more than 50 investors** (or such other number as may be prescribed by MAS) **during a 12-month period**. Section 302B of the SFA is the corresponding exemption provision for units in CIS.

The applicable limit is placed on the number of offerees (calculated in accordance with section 272B(5) of the SFA) and not on the persons accepting the offer.

Note that there are certain MAS guidelines on calculating the aggregation of offers for small offers and private placement exemptions.

Institutional investor exemption (sections 274 and 304 of the SFA): exemption from prospectus requirements in respect of an offer of securities, securities-based derivatives or units in CIS that is made only to institutional investors (as defined under the SFA).

Accredited investor and relevant persons exemption (sections 275 and 305 of the SFA): applies to offers made to the following persons: a “relevant person” (which includes accredited investors, as defined under the SFA); or a person who acquires the investment as principal if they can only be acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction.

An offer of units in CIS in reliance on the section 305 exemption may require notification to MAS beforehand for the CIS to be placed into a List of Restricted Schemes.

To rely on the Section 305 exemption, the documents that must be filed with the MAS include the information memorandum (containing the prescribed information), as well as any other material or information that is intended to be distributed to prospective investors in Singapore.

The information memorandum may need to contain certain prescribed statements and disclosures. Relevant disclosures on the investment objectives and focus of the restricted scheme must be disclosed to investors in the information memorandum.