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FINANCIAL SERVICES

New Regulations Facilitate Retail Investor Participation in Singapore Bond Market

On May 19, 2016, the Monetary Authority of Singapore (**MAS**) promulgated two new regulations, effective immediately, to facilitate retail investor participation in the Singapore Bond Market.

The first regulation (the Securities and Futures (Offers of Investments) (Exemption for Offers of Post-Seasoning Debentures) Regulations 2016) allows for, six months after their initial issuance, the resale of eligible bonds of eligible issuers to retail investors using just a product highlight sheet (the **Bond Seasoning Framework**). It would also be possible at that same time to redenominate the seasoned bonds into smaller denominations of as little as S$1,000, and to reopen the issuance to issue additional new bonds of the same series to such retail investors. The total number of these additional new bonds must not exceed 50% of the seasoned bonds.

The second regulation (the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016) allows for the initial issuance of eligible bonds of eligible issuers directly to retail investors (together with institutional investors) using a simplified disclosure document and a product highlight sheet (the **Exempt Bond Issuer Framework**). The amount of bonds issued to institutional investors must not be less than 20% of the total issuance.

Prior to the new regulations, corporate bond offerings in Singapore to retail investors were not common, owing to the requirement to prepare and lodge with the MAS a prospectus or an offer information statement for such offerings that were required by the Securities and Futures Act, Chapter 289, of Singapore (**SFA**) (and the regulations promulgated thereunder) to contain certain prescribed content. Instead, a substantial majority of Singapore corporate bond offerings were made only to institutional and accredited investors, in high denominations, and using an information memorandum that did not need to be lodged and registered with the MAS.

Only bonds that bear plain-vanilla terms are eligible bonds within both frameworks. These terms include having a fixed term not exceeding 10 years, providing for repayment of the principal sum at the end of the fixed term, having periodic interest payments which cannot be deferred, carrying either a fixed rate of interest or a floating rate of interest comprising a reference rate and a fixed spread that cannot be decreased, having no option to convert into equity, and not being redeemable before the end of the fixed term other than pursuant to certain specified redemption options. The bonds must also not be asset-backed bonds or structured bonds, and must not be subordinated.

Offers of bonds to retail investors under both frameworks may also be made through the automated teller machine or other electronic means.

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FINANCIAL SERVICES

Bond Seasoning Framework

Under the Securities and Futures (Offers of Investments) (Exemption for Offers of Post-Seasoning Debentures) Regulations 2016 (the **Bond Seasoning Regulations**), retail investors will be able to purchase bonds initially offered by eligible issuers to institutional and accredited investors after these bonds have been listed for six months (the **seasoning period**, and such bonds, the **seasoned bonds**). The minimum size of such initially issued bonds is S$150 million (or foreign currency equivalent). These issuers will also be able to sell additional bonds after the seasoning period with the same terms as the seasoned bonds (the **post-seasoning bonds**) to retail investors without issuing a prospectus or offering an information statement.

Eligible issuers under the bond seasoning framework are those that pass three tests as follows:

- ***A Listing Test***. An issuer may pass the listing test in one of two ways—(1) by having equity securities listed and traded on the SGX or a recognised securities exchange[1] for a continuous period of at least five years, or (2) having issued bonds (or guaranteed bonds) listed on SGX for a continuous period of at least five years.
- ***A Size Test***. An issuer may pass the size test in one of two ways— (1) by having a market capitalisation of at least S$1 billion (or foreign currency equivalent) for each of the past 180 market days, or (2) having net assets of at least S$500 million (or foreign currency equivalent) in its most recent annual financial statements and average net assets of at least S$500 million (or foreign currency equivalent) over the three most recent financial years as determined from its annual financial statements.
- ***A Credit Test***. An issuer may pass the credit test in one of three ways:
    - Has not recorded on average a net loss and has on average a positive net operating cash flow for the three most recent annual financial statements;
    - Has a credit rating by any of Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services of "BBB" or "Baa2" or higher, or the bonds to be offered are rated "BBB" or "Baa2" or higher; or
    - Has listed bonds or guaranteed bonds listed on SGX of at least S$500 million (or foreign currency equivalent) over the previous five years and there has not been a default in the repayment of moneys under such debentures.

Under the SGX listing rules, the issuer must pass the above tests at the time of

[1] Under the Securities and Futures (Recognised Securities Exchange) Order 2005, the following are recognised stock exchanges: Australian Securities Exchange (ASX) Limited, Borsa Italiana S.p.A., Bursa Malaysia Berhad, Deutsche Börse AG, Euronext N.V., Hong Kong Exchanges and Clearing Limited, London Stock Exchange plc, Luxembourg Stock Exchange S.A., New York Stock Exchange — American Stock Exchange (NYSE Amex) LLC, New York Stock Exchange LLC, New Zealand Exchange Limited, SIX Swiss Exchange Limited, The National Association of Securities Dealers Automated Quotations (NASDAQ) OMX Group, Inc., TMX Group, Inc. and Tokyo Stock Exchange Group, Inc.

application for the listing of the initial issuance of the bonds on the SGX, at the time of application for confirmation that the bonds are eligible for trading by retail investors and at the time of application to list any post-seasoning bonds.

While only a product highlights sheet needs to be provided to retail investors after the seasoning period, under the SGX listing rules the information memorandum provided to the institutional and accredited investors at initial issuance must be available on SGXNET at the time of such issuance, at the time of application for confirmation that the seasoned bonds are eligible for trading by retail investors and at the time of application to list the post-seasoned bonds to retail investors.

Under the SGX listing rules, the information memorandum must state in bold on the front cover the issuer's intention to make the seasoned bonds available for trading on the SGX by retail investors after the seasoning period, and must also disclose the following:

- The bonds cannot be sold to retail investors before the end of the seasoning period;
- The issuer may offer post-seasoning bonds to retail investors through one or more "re-taps" and the aggregate principal amount of such post-seasoning bonds issued to retail investors may not exceed 50% of the total value (as at the date of issue) of the seasoned bonds[2] (there is no limit to the amount of post-seasoning bonds offered to institutional and accredited investors);
- An undertaking by the issuer to immediately disclose information which may have a material effect on the price or value of its debt securities or on an investor's decision whether to trade in such debt securities; and
- The issuer's confirmation that it is in compliance with the three tests described above.
- If there have been any material changes relating to the issuer or the terms of the bonds since the date of such information memorandum, the SGX listing rules require the issuer to prepare and make available an updated information memorandum or a supplement to the information memorandum.

The product highlights sheet must contain all the information, and be in the format, prescribed in the Bond Seasoning Regulations. The product highlights sheet must not be more than eight A4-sized pages (for an issuer whose shares are listed on the SGX) or 12 A4-sized pages (for other issuers) with a font size of at least 10-point Times New Roman or equivalent.

The Bond Seasoning Regulations also allow for book-building activity through the use of a preliminary document in relation to an offer of post-seasoning bonds if the prescribed conditions are met.

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[2] Excluding seasoned bonds issued to the lead manager, arranger, and underwriter of the offer of those seasoned bonds for their own accounts.

FINANCIAL SERVICES

Exempt Bond Issuer Framework

Under the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016 (the **Exempt Bond Issuer Regulations**), eligible issuers may offer bonds directly to retail investors at initial issuance, without a prospectus or an offer information statement, if they pass the listing test and size test as described above, plus a more stringent credit test.

For the credit test under the exempt bond issuer framework:

- The no-average-net-loss requirement is replaced by a requirement to have a net profit of at least S$100 million (or foreign currency equivalent), and the average positive net operating cash flow requirement over the three most recent annual financial statements is replaced by a requirement to have a positive net operating cash flow, both applying to each of the three most recent annual financial statements;
- The credit rating requirement is increased from a minimum of "BBB" or "Baa2" to a minimum of "AA-" or "Aa3"; and
- The minimum listed size requirement is increased from S$500 million (or foreign currency equivalent) to S$1 billion (or foreign currency equivalent).

The maximum principal amount of bonds issued or to be issued to institutional or accredited investors (excluding any amount issued or to be issued to the lead manager, arranger, and underwriter of the offer for their own account) must not be less than 20% of the total issue size.

Instead of a prospectus or an offer information statement, the issuer will be required to give a simplified disclosure document to each retail investor and each institutional or accredited investor. The issuer must also give a product highlights sheet to each retail investor. The simplified disclosure document must contain all of the information prescribed in the Exempt Bond Issuer Regulations and must be valid for up to six months after the date the offeror first announces or otherwise disseminates it.

Where the bonds are to be issued under a programme, the simplified disclosure document may also take the form of a base document (or a replacement base document) that contains the prescribed information (other than information applicable only to a pricing supplement) and is valid for up to 24 months after the date the offeror first announces or otherwise disseminates it, and a pricing supplement that contains the prescribed information and is valid for up to six months after the date the offeror first announces or otherwise disseminates it.

The form and content of the product highlights sheet is substantially the same as that described above under the Bond Seasoning Regulations.

The Exempt Bond Issuer Regulations also allow for book-building activity through the use of a preliminary document relating to an offer of bonds if the prescribed conditions are met.

FINANCIAL SERVICES

Trust Deed and Trustee Requirements

Under the SGX listing rules, there are various trust deed and trustee requirements that apply for bonds being issued under both the Bond Seasoning Framework and the Exempt Bond Issuer Framework, including:

- The requirement to appoint a trustee that satisfies certain specified conditions to represent bondholders;
- The issuer ensuring that it has no interest in or relation to the trustee which may conflict with the trustee's role as trustee; and
- The trust deed must contain provisions to the effect of the following:

    - The trustee shall, upon the occurrence of an event of default, enforcement event, or other event that would cause acceleration of the repayment of the principal amount, take action that must be set out in the trust deed on behalf of bondholders and ensure that the trustee has the ability and powers to perform all of its duties as set out in the trust deed;
    - The issuer must promptly notify the trustee when it becomes aware of any of the events mentioned above or if any condition of the trust deed cannot be fulfilled;
    - A meeting of bondholders must be called on a requisition in writing signed by holders of at least 10% of the nominal amount of the outstanding bonds; and
    - If the trustee ceases to perform its function, the issuer must appoint another trustee which meets the requisite criteria.

INVESTMENT MANAGEMENT

Reconsidering the New Indonesian Negative Investment List

Under President Joko Widodo's administration, the Indonesian government has set out several economic policy packages to boost Indonesia's economic growth. One of the primary objectives of these policies is to achieve a reasonable economic growth rate of between 5.1% and 5.3% per annum.

An essential component of these economic policy packages is to increase foreign direct investments into Indonesia. The enactment of Presidential Regulation No. 44 of 2016 (the **Regulation**), which became effective on 18 May 2016, has updated the prescribed Lists of Business that are closed or open to foreign investment (**2016 Negative Investment List**). Compared to the 2014 Negative Investment List, the 2016 Negative Investment List relaxes the admissibility requirements for potential foreign investors, in particular by raising the maximum permissible foreign shareholding percentages in certain businesses.

The following is a general overview of the increase in foreign ownership thresholds in the 2016 Negative Investment List:

a. 26 new lines of business are now allowed for foreign investments with differing shareholding thresholds (e.g. movie editing facility, movie production, recording studio, etc.);
b. 23 lines of business have seen the permitted foreign ownership thresholds increased from 49% to 67% (e.g. freight forwarding services, air cargo services, internet services provider, content services, call centre, and other added value telephony services, etc.);
c. 11 lines of business from 51% to 67% (e.g. catering services, motel, organization of meeting, incentive, convention, and exhibition, etc.);
d. three lines of business from 65% to 67% (i.e. fixed telecommunication network services, mobile telecommunication network provider, and telecommunication network provider integrated with telecommunication services); and
e. two lines of business from 33% to 67% (i.e. distributorship (not affiliated with production) and warehousing).

These foreign ownership restrictions serve to limit the prospective foreign investors' shareholdings in a limited liability company established specifically for a foreign investment (i.e. *Perseroan Terbatas Penanaman Modal Asing* (**PT PMA**)). However, it is not clear whether the new shareholding thresholds would also be enjoyed by foreign investments already in place prior to the enactment of the 2016 Negative Investment List, bearing in mind other applicable foreign investments—related principles or requirements under Law No. 25 of 2007 (**Investment Law**) and its implementing regulations.

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INVESTMENT MANAGEMENT

Although the permitted foreign ownership thresholds may have changed, the minimum investment rules have not changed. Indonesia's investment coordinating board (*Badan Koordinasi Penanaman Modal* — or **BKPM** as commonly known) requires all foreign investors to satisfy a minimum investment amount of more than IDR10,000,000,000 (approximately US$770,000) (**Minimum Investment**) in order to obtain an in-principal investment permit. Further, IDR2,500,000,000 of the Minimum Investment must be by way of subscribed and paid-up capital at the time of establishment of the PT PMA. This Minimum Investment amount has not been changed with the enactment of the 2016 Negative Investment List. This indirectly means that a foreign investor could be getting more "bang for the buck"— the Minimum Investment Amount injected could have been artificially limited to the shareholding percentages prescribed in the 2014 Negative Investment List which are now, under the 2016 Negative Investment List, higher.

In general, the Investment Law stipulates that any investments should be carried out in accordance with the following principles:

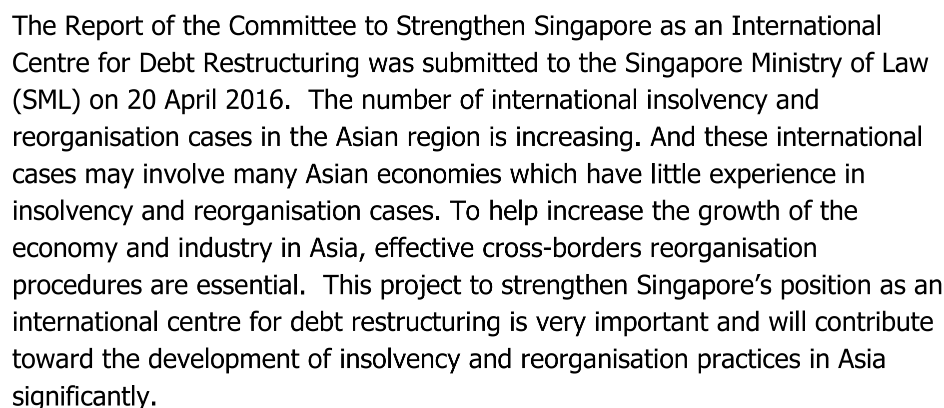
- Legal certainty
- Transparency
- Accountability
- Fair and equitable treatment without discriminating the origin of any countries
- Unity
- Efficiency in justice
- Sustainability
- Environmental oriented
- Independence
- Balanced development and national economic unity

In certain circumstances, where application of the 'fair and equitable treatment' principle in conjunction with the maximum foreign ownership restrictions prejudices the foreign investor from an investment valuation perspective, the Indonesian government may offer incentives in the form of income tax relief or import duty relief.

The progressive easing of the foreign ownership restrictions is a welcome move by President Jokowi's administration and has served to resurrect foreign direct investment interests into Indonesia, South East Asia's most populous country with a thriving middle-class population.

DEBT RESTRUCTURING

Proposal to the Singapore Ministry of Law Regarding the Project for International Debt Restructuring Centre



The Report of the Committee to Strengthen Singapore as an International Centre for Debt Restructuring was submitted to the Singapore Ministry of Law (SML) on 20 April 2016. The number of international insolvency and reorganisation cases in the Asian region is increasing. And these international cases may involve many Asian economies which have little experience in insolvency and reorganisation cases. To help increase the growth of the economy and industry in Asia, effective cross-borders reorganisation procedures are essential. This project to strengthen Singapore's position as an international centre for debt restructuring is very important and will contribute toward the development of insolvency and reorganisation practices in Asia significantly.

1. Regional Insolvency Convention in Asia

The EU Insolvency Regulation (EUIR), which was created in 2008 and revised in 2015, provides for insolvency and reorganisation proceedings commenced in EU countries. According to the EUIR, when a main insolvency proceeding has been commenced in one member state where a centre of main interest (COMI) is located, secondary proceedings may be commenced in other member states. In other words, only one main proceeding (MP) can be commenced in the EU countries and the MP, which is pending in one member state where the COMI is located, is effective throughout the entire EU. The secondary proceeding may be either a liquidation or reorganisation proceeding under the revised EUIR, which is effective after 2017.

Many German distressed business corporations moved their head offices to London to file an English Scheme of Arrangement (SOA) with English courts because the SOA is very useful and convenient for financial restructurings to revitalise businesses. This influx of German companies may be viewed as forum shopping. To prevent such forum shopping, many EU countries including Germany, France, Italy, and Spain revised their insolvency and business reorganisation laws to update them. As a result of the creation of the EUIR, most EU countries have their useful reorganisation laws and schemes. Insolvency practices in EU countries have been modernised dramatically.

In Asian, most countries, except Myanmar, have rather sophisticated insolvency and reorganisation laws, but their actual practices are still developing. Practitioners and the judiciaries are not experienced in substantive cases as of yet. But most practitioners in Asia know that the insolvency laws and practice in Singapore are excellent and that they may even try to move the COMI of distressed businesses to be under the jurisdiction of Singaporean laws and practices.

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convention as the EUIR which provides for only one insolvency or reorganisation proceeding, the convention may encourage modernized insolvency and reorganisation practices and revision of related laws in the region.

The SML, other foreign governments, agencies, and/or international officials as well as non-profit organisations should support an Asian or ASEAN insolvency convention.

2. Adoption of UNCITRAL Model Law for Cross Border Insolvency

The UNCITRAL Model Law on Cross Border Insolvency (Model Law), which is very useful for dealing with international insolvency and reorganisation cases was issued in May 1997. Like the EUIR, the Model Law provides recognition of main and non-main insolvency and reorganisation proceedings commenced in foreign countries. Despite its usefulness, only Japan, Republic of Korea, and the Philippines enacted statutes adopting the Model Law. Now, the number of international insolvency and reorganisation cases is increasing. If more Asian countries enact cross-border insolvency laws adopting the Model Law, insolvency cases commenced in Singapore will be effective in other Asian economies where the Model Law was adopted. Enactment of the Model Law should be recommended in Asia more and more. International officials or non-profit organisations should propose to governments in Asia or the ASEAN region that they enact international insolvency laws adopting the Model Law.

3. Dissemination of ABA and ABAC Informal Workout Guidelines

Reorganisation of business corporations at earlier stages is important to revitalize an economy. In order to reorganise ailing business corporations at an early stage, informal out-of-court or pre-insolvency workout may be a useful tool. The "Asian Bankers Association (ABA) Informal Out of Court Workout Guidelines-promoting Corporate Restructuring on Asia" (GL) and "Model Agreement to Promote Company Restructuring: A Model Adaptable for Use Regionally, by a Country, or for a Particular Debtor" (MA), which were drafted based on the Regional Technical Assistance Report (RETA 5975), were presented to the Asian Development Bank by an expert team led by the late Ron Hammer and approved by the ABA in 2005. The AMA GL and MA were revised in 2013. The GL and MA are useful tools to conduct fair and equitable out of court informal workouts, especially in economies where reorganisation workouts are not popular yet. Conducting informal out-of-court workouts to revitalise distressed companies in their pre-insolvency stage in Asia may increase number of international debt restructuring cases which will be resolved in Singapore. The SML should recommend that banks and practitioners utilise the GL and MA more in Asia.

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http://www.aba.org.tw/images/upload/files/InformalWorkoutGuidelines-Amend-2013Sept.pdf
http://www.aba.org.tw/images/upload/files/ModelAgreementCompanyRestructuring-AmendedVersion2013Sept.pdf

LEGAL SERVICES

Uber, Airbnb, and Pokémon Go: Lessons for Lawyers in Disruptive Innovation

This article does not concern the impact of disruptive innovation on legal practice. It is not about how technology, wireless connection, online delivery, document discovery, and so on will change legal practice as we know it. Such disruption began at least 15 years ago with the creation of legal search engines which could, through key word searches of cases, negate the need for the junior research associate. Every innovation, be it document management algorithms, online delivery of precedents, automation, and the "unbundling" of legal services, have since that time simply been a natural extension of those initial developments.

Rather, this article is about how disruptive innovation as a whole has created a new demand for legal services.

Disrupting Law

A typical law firm provides a bundle of services which historically could be categorised in simplistic terms into the following:

1. Advising on the law— explaining to a client what the law is.

2. Performing a service in respect of the advice— for example, a transaction, litigation, or regulatory appeal. The service in question involves step-by-step form filing or the completion of milestones based on established templates.

3. As part of performing the service, sometimes the lawyer has to be adversarial— for example, in contending for a client's position in transaction negotiations, litigation, or regulatory appeals.

Once the service has been performed and completed, the client pays the law firm.

Technological advances could diminish or remove entirely the lawyer's involvement in the first two items listed above. Even now, the most basic legal queries are almost readily answered by internet search engines. Many transaction and litigation procedures, as well as invoicing and payment, are susceptible to being highly automated. Do not be surprised if the law firm of the future looks increasingly like technology companies that hire more computer and software engineers than lawyers.

Increasingly, clients are no longer willing to pay for the billable hour. Clients demand not just competitive rates but efficient work. For some of the services that law firms provide, nothing is more efficient than automation. This is why the emergence of disruptive innovation as a trend and, in truth, a new way of doing business, is the good news that lawyers may have been waiting for.

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LEGAL SERVICES

Analysing Disruptive Innovation

According to Wikipedia—itself a disruptive innovation—"*disruptive innovation is recognised as an innovation that creates a new market and value network and eventually disrupts an existing and value network, displacing established market leading firms, products and alliances*."

It is the creation of a new innovation, not previously possible or well utilised, which challenges the status quo from an economic, societal, and regulatory point of view. The rise of smartphones and "apps" has put supercomputers into the palm of our hands. More importantly, apps are a means by which technology companies have been able to reach the masses, bypassing traditional brick-and-mortar shops and conventional advertising. The ability to reach out to the world to offer a service, and do so cheaply and efficiently, has created the latest wave of disruptive technologies. Often, the back-end service offered is itself reliant on another class of users of the app— often termed the app's "partners."

Take taxi-hailing apps as an example. These apps rely on both customers and drivers to use the app interactively. The technology company connects partners to customers but at the same time outsources the service function. The same can be said of Airbnb and Go-Jek, the Indonesia concierge service that puts consumers in touch with service provider partners who are willing to perform their day-to-day errands. A further example is WeChat in China. Users of WeChat can make calls, send messages, make payments and even advertise their own or others' services in a closed network— all without leaving the WeChat app.

The disruption will not end there. Other industries–from gym memberships and supermarkets to banking and government services–are all ripe for disruption. But disruption does not come easy. By its very nature, it requires challenging the current norm at business, societal and legal levels. This is where the demand for high-quality and cutting edge legal services may arise.

To boldly go – Disruption Law

We live in perhaps the most regulated time of human existence. Laws have been passed to regulate the current status quo. Many of these laws are age old— implemented at a time before the computer and the internet, and certainly before the rise of smartphones.

Previously, a new business looking to enter an industry had to understand the regulations and the market and had to play by those rules. Not any longer. These days, disruptive innovation seeks to challenge the very status quo and therefore the very regulations passed to protect and manage the status quo. It does so in the interest of a better experience, efficiency, and lower costs and resources. And, like the civil activist of old, these disruptors need lawyers and champions.

The legal work to be undertaken is not to be underestimated. It ranges from

regulatory advice to exemptions, and in some instances, even a push for the law to be changed. It means drafting terms and conditions for a new business model, analysing the risks and, in the early years, defending against the entire gamut of litigation, criminal, and regulatory action until the new disruptive innovation becomes acceptable as the new norm. These aspects encompass both industry-related regulations, general law, risk assessment, anti-trust and competition issues, and consumer protection legislation.

A recent disruption is worth mentioning. The tremendous success of Pokémon Go is not just a breakthrough for augmented reality and mobile gaming. It establishes a new way to market content and places, and a new means to move physical traffic. Insofar as there may be a disruption, augmented reality games like Pokémon Go are simply the herald to how marketing and advertising are going to be done in the next decade. This new industry also brings with it challenges— potential trespass, privacy and false marketing issues related to the creation of virtual content.

The legal services envisioned are not run-of-the-mill or template work. On the contrary, they require a level of both business and legal acumen and sophistication which is unlikely to be duplicated by technology in the near future. It requires a sharp and analytical legal mind that understands that it takes years to change an industry and opinions and that such a course must be charted from the very beginning. It takes a tenacious spirit that will not be cowed by the first roadblock or “No” from the regulators. Finally, it takes a collaborative and broad outlook to help fashion exemptions and new regulations in order to create a new market for the client.

So, disruption in legal services will not be related to technological advances or the growth of outsourcing, but to the adoption of disruptive innovation as the new client of choice for law firms.

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Firm Expands Commitment to Asia with New Shanghai Office

Morgan Lewis has opened an office in Shanghai. Our newest office will represent a significant expansion of our firm's services to clients with interests in China and in markets throughout Asia and the world. The office will be our sixth in Asia, our second in China, and our 29th worldwide. With this expansion, we are now present in China's global commercial and financial centre as well as its government centre in Beijing.

With this latest expansion, we welcome many new colleagues: five partners, 18 associates and legal professionals, and 12 professional staff. Our total presence in Asia is now more than 100 lawyers and other specialists. The office, which is led by distinguished global corporate transactional lawyers Mitch Dudek, Todd Liao, Alex Wang, Eddie Hsu, and Cindy Pan, offers clients a comprehensive range of legal services to fulfill their transactional, mergers and acquisition (M&A), real estate, private equity, and fund formation and investment needs. Other services include advising on the US Foreign Corrupt Practices Act, the UK Bribery Act, technology licensing, intellectual property protection and enforcement, and labour and employment.

In 2015, our firm secured a key base of operations in the thriving business centre of Singapore with the establishment of Morgan Lewis Stamford, and in late 2014 we significantly expanded our Tokyo office with the addition of lawyers from Bingham McCutchen. These offices joined our offices in Beijing (opened in 2006), Almaty (2012), and Astana (2014) in serving clients across Asia.

Asian Legal Business: Morgan Lewis Recognised as Tier 1 Firm

Morgan Lewis has been recognised as a Tier 1 Singapore (Domestic) firm in the recently released Asian Legal Business (ALB) M&A Rankings 2016, an annual ranking of the best law firms for M&A in Asia. For the fourth consecutive year, the Singapore office remained as a Tier 1 Singapore (Domestic) firm. The ALB rankings are based on the firm’s volume, complexity, and size of work; visibility and profile in the marketplace; presence across Asia and individual jurisdictions; and key clients and new client wins. ALB, owned by Thomson Reuters, is a leading source of news and analysis for businesses and professionals throughout the Asia Pacific and Middle East regions.

Euromoney: Partners Shortlisted for Asia Women in Business Law Awards

Three Morgan Lewis Stamford partners have been named as contenders for individual practice-area awards under the 2016 Asia Women in Business Law Awards by Euromoney Legal Media Group. Singapore office Managing Partner Suet-Fern Lee, a past winner of the “Best in M&A and Private Equity” category in 2012 and 2013, is a nominee for the award again this year. For the fourth consecutive year, litigation partner Wendy Tan (SI) has

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been shortlisted for the "Best in Shipping" award. CBT partner Elizabeth Kong (SI) is a nominee in the "Rising Star: Corporate" category for the second consecutive year.

The Asia Women in Business Law Awards recognise law firms and professional services firms for their efforts in helping women advance in the legal profession, with awards split into individual and law firm categories. Winners are decided by senior editorial staff following an extensive research process, during which the nominees are judged on their professional accomplishments as well as advocacy and influence within their fields over the last 12 months. Winners are set to be announced at a 9 November ceremony in Hong Kong.

Shinjiro Takagi Receives Founder’s Award from AlixPartners

CBT of counsel Shinjiro Takagi (TO) was recently presented with the Founder’s Award at AlixPartners' global team meeting and 35th anniversary celebration in Miami. Shinjiro's relationship with AlixPartners founder Jay Alix dates back to 2002, when Shinjiro (then the president of the Japanese Association for Business Recovery) invited Mr. Alix to be a guest speaker at the Japan Business Recovery Forum in Tokyo. Since then, they have combined their knowledge, expertise, and resources to develop an action plan to establish the turnaround and restructuring service industry in Japan.

Mr. Alix presented the award to Shinjiro in honor of his contribution to Japan’s insolvency space. AlixPartners is a leading global business advisory firm of results-oriented professionals who specialise in creating value and restoring performance. This is the second such award for Shinjiro; he received the International Insolvency Institute Founder’s Award in June.

Tokyo Office Hosts Client Executives

Our Tokyo office recently hosted a client cocktail event at the city's Imperial Hotel, drawing more than 70 CEOs, general counsel, executives, and government officials. Executives from clients Mitsubishi, Mitsui, Sumitomo, Sojitz, Marubeni, Hitachi, NEC, Seiko, BlackRock, State Street, METI, JETRO, and Development Bank of Japan attended.

IM partner Christopher Wells (TO) gave opening remarks and introduced our Tokyo lawyers, including our newest members—IM partner Tadao Horibe and associates Chiho Zen and Chiharu Takatori, and CBT of counsel Shinjiro Takagi—and highlighted the increasing strengths of the Tokyo office. CBT partner Satoru Murase (NY) introduced the guest speaker, Tsuneo Watanabe of The Tokyo Foundation, who spoke briefly about this year's US presidential election and its implications for Japanese business. CBT partner Brad Edmister (NY) also attended.

HEADLINE MATTERS

Aflac: Representation in Middle-Market Loan Program

Morgan Lewis previously represented American Family Life Assurance Co. of Columbus (Aflac), a major US insurance company, in the creation of a multiseries trust offered in Japan and issuing shares to Aflac's Japan branch. Aflac created the multiseries trust in order to have one trust vehicle of which it could use separate series to make separate and distinct investments. We have continued to represent Aflac in connection with various closings under this series trust, including with respect to a $315 million investment in a series created to permit investments in a Japanese equity portfolio, a $600 million investment in a series created to accommodate investments in commercial mortgages, and a $100 million investment in a US equity dividend portfolio.

We recently represented Aflac in connection with another investment made under the series trust, a $300 million investment in a series created to invest in a middle-market loan program, via a limited partnership that purchases participating interests in middle-market loans. The current transaction presented complex legal issues with respect to US partnership, tax, and security interest matters; matters relating to loan participations and subparticipations; US insurance law requirements; and compliance with Japanese legal restrictions.

This deal represented a multidisciplinary effort, with support from Tokyo investment management partners Chris Wells, Tomoko Fuminaga, and Tadao Horibe, and Tokyo associate Chiharu Takatori, for Japanese law issues and a related regulatory filing; Boston investment management partners Roger Joseph and Marion Giliberti Barish, and of counsel Elizabeth Belanger (NY) with respect to US trust, partnership, corporate, lending, and securities law issues; and tax partner Don Abrams (BO) with respect to US tax issues.

Tokyo Partner Helps Win Refugee Status for Pakistani

CBT partner Tsugu Watanabe (TO), in collaboration with members of client Goldman Sachs' Japan legal department and lawyers at other firms, helped a Pakistani applicant achieve refugee status in Japan. The application for refugee status was approved in June, two years after the original filing. The team worked closely with nonprofit organization Japan Association for Refugees, which is officially registered with the Tokyo metropolitan government and provides legal and social services for refugees in Japan.

Japan has been relatively strict about granting refugee status to applicants. In fiscal years 2014 and 2015, Japan approved only 11 and 27, respectively, of the approximately 5,000 and 7,586 new refugee status applications filed in those years. We are extremely fortunate to

have achieved this success, which is the third consecutive Japanese refugee status approval obtained by Morgan Lewis over the last several years.

Q & M Dental Group (Singapore): Spin-Off Listing

Morgan Lewis recently advised Q & M Dental Group (Singapore) Ltd., a leading dental healthcare group listed on the Main Board of the Singapore Exchange Securities Trading Ltd., on the spin-off of its subsidiary, Qinhuangdao Aidite High Technical Ceramic Co. Ltd. (Aidite). Aidite is in the business of manufacturing zirconium oxide blocks, which are used in dental computer-aided design/computer-aided manufacturing machines in the fabrication of dental prostheses. It exports to about 50 countries worldwide, including the United States, the European Union, the Middle East, and India. By creating a separate quoted entity, Q & M will have access to an additional source of funding to capitalize on growth opportunities for its manufacturing business. Aidite is expected to be quoted on the National Equities Exchange and Quotations of the People's Republic of China.

The team was led by corporate and business transactions partner Bernard Lui (SI), with assistance from Singapore associates Parikhit Sarma, Alexandra Jones, Calvin Soon, and Anu Liza Jose.

China International Capital: $146.6M Initial Public Offering

We acted as Singapore counsel to China International Capital Corp. (Singapore) Pte. Ltd. as the sole issue manager, global coordinator, bookrunner, and underwriter in the fully underwritten initial public offering (IPO) of China Jinjiang Environment Holding Co. Ltd. on the mainboard of the Singapore Exchange on 3 August. The S$197 million ($146.6 million) IPO is the second non–real estate investment trust IPO on the Singapore Exchange's mainboard in 2016.

China Jinjiang Environment has a market capitalization of approximately S$1.08 billion ($803.7 million) and is the first private and leading waste-to-energy (WTE) operator in the People's Republic of China (PRC). It has the largest waste treatment capacity in operation in the PRC. Its business primarily focuses on the planning, development, construction, operation, and management of WTE facilities. China Jinjiang Environment intends to apply the net proceeds raised from the IPO on acquisitions, project investments, upgrading works on WTE facilities, repayment of debt, working capital, and general corporate purposes.

China International Capital Corp. (Singapore) Pte. Ltd. is a Singapore subsidiary of China International Capital Corp. Ltd., one of the PRC's leading investment banking firms, headquartered in Beijing and listed on the mainboard of the Hong Kong Stock Exchange.

The team was led by corporate and business transactions partner Bernard Lui (SI), with assistance from Singapore associates Yingjie "Jenny" Wang, Ting Chan, and Calvin Soon.

COFFEE WITH . . .

Frederick Chang

Frederick Chang is a Morgan Lewis' corporate, finance, and investment management partner.

I spent the first 34 years of my life in New Haven, Boston, and New York City, growing up, studying, and practicing law —working mostly for banks and insurance companies on their lending and hybrid debt investments—and, with my wife, raising my two daughters who are now grown up and busy with media and journalism careers in New York.

I remember working all night in 1988 drafting an anti-dilution section of an agreement and then being told the next morning by the peerless financing guru at the firm, "It's obvious you didn't spend much time on this." My drafting improved considerably after that.

In 1994, succumbing to the siren of "China Dream,",I took an offer to join Goldman Sachs's legal department in Hong Kong. One of the initial two lawyers at Goldman, I took responsibility for covering what is today known as FICC (Fixed Income, Currencies and Commodities), as well as their nascent Greater China operations, and also was elected chairman of the International Swaps and Derivatives Association's legal committee in North Asia and a member of its standing committee. Four years later I was given an offer to join Deutsche Bank's transforming and far-flung banking operation in Asia as its general counsel and head of compliance based in Singapore. I participated in a remarkable reinvention of a lending, trade finance, and transaction banking branch network with deep roots in 13 Asian countries, into a market-making, proprietary trading, stock broking, and investment banking operation across those countries.

After nearly 10 years in Hong Kong and Singapore, I concluded that I had done a lot of corporate finance and markets work in Asia, but not so much China Dream. That is why I decided to go for it: I taught, in a law school in Beijing, a course based on my observations of how the (principally US-driven) laws of finance, securities, and exchange regulations, and governance, intersect with the reality of how financial intermediaries operate. (The students falling asleep at the back benches reminded me of myself in law school.) Then I reentered private practice in Beijing, where I have done less finance and markets work and more corporate and M&A work, simply because, in China, especially as a foreign lawyer working for foreign clients, you do what you are allowed, not necessarily what you should or want to be doing. It is easier to buy a (privately owned) company in China than to lend US$1 to any company.

It is now 22 years since I left New York and 12 years since I arrived in Beijing; during those periods the two most interesting things that I've probably done are (1) co-founding FenXun Partners, a Beijing-based, PRC-licensed law firm (after five years of sweating which, I joined Xiaowei in Bingham); and (2) running in various

ultra-marathons in the hills of Hong Kong, Mongolia, Australia (each 100-km long to be completed in the course of a day), and the hottest (Gobi), driest (Atacama) and windiest (Sahara) deserts in the world (each 250-km races last for more than six days, during which, you carry everything on your back except tents and campfire materials). Through the remarkable people I encountered, I learned that, though officially retired from campaigning for Dos Equis, the world's most interesting man (or woman) is alive and well all around us!

A "China Dream" can mean many things, but in this year of Muhammad Ali's passing, I find myself turning to a quote widely attributed to Mike Tyson: "Everyone has a plan until they get punched in the mouth". It is the other side of the coin of the witticism attributed to Einstein: "Insanity is doing the same thing over and over again and expecting different results"; but contradicted by Gladwell's Rule: 10,000 hours of deliberate practice are needed to become world class. Synthesising these pearls, perhaps one can say that it takes a while to adjust to what is reality in China, but that if you can do so nimbly, dynamically and, when required, improvisationally, the "training" may be worth it even though dreams can flit in and out of nightmares.

THE LAST WORD

The Last Word is a regular segment giving you a tongue-in-cheek insight into the personalities in Morgan Lewis.

Canadian Arctic

Ever since I joined Morgan Lewis's Tokyo office this April, the intended final destination in my mind has always been Singapore. After contributing and working for Japan for so many years, I hoped to devote the rest of my life to Asia, especially in developing the insolvency and reorganisation practice in the region. Despite the efforts made by my colleagues, my working visa application was not approved. Perhaps it was down to my age (I am 80 years young now).

Being disappointed and heartbroken, I decided to take a trip to the Canadian Arctic for 10 days in mid-July in order to regain my energy and refresh my pursuit for life. It took nearly 24 hours from Tokyo to Somerset Island via Vancouver, Edmonton, and Yellowknife, including four and a half hours on a charter flight from Yellowknife to the Island. The Canadian Arctic can only be accessed for a short period of time in the year: from mid-June to mid-August, since the island is usually flooded in early June by meltwater from rivers, which cannot flow into the frozen sea. Again, in late August, the flowing water of rivers is trapped by the freezing sea, and thus flooding happens, again limiting travelers from accessing the region.

I met muskoxen, which only live in the Canadian Arctic, and polar bears. Also I saw more than 300 Beluga whales swimming so closely—just three metres away from me. I drove buggy motorcycles and cars in stony wastelands and hiked rugged hills to my heart's content. I enjoyed the Canadian Arctic very much for the first time.

I have enjoyed dogsledding and horseback riding in Yukon, Alaska, and the Rocky Mountains for many years. But I came to know that my physical ability is on the decline tremendously. However, I am still enjoying scuba diving. Let us continue to enjoy our lives. My motto is to work five times more than and enjoy three times more than the average person.

Dr. Shinjiro Takagi, Of Counsel, Tokyo

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