

International Comparative Legal Guides



Practical cross-border insights into fintech law

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Ch'ng Li-Ling

1 The Fintech Landscape

1.1 Please describe the types of fintech businesses that are active in your jurisdiction and the state of the development of the market, including in response to the COVID-19 pandemic and ESG (Environmental, Social and Governance) objectives. Are there any notable fintech innovation trends of the past year within particular sub-sectors (e.g. payments, asset management, peer-to-peer lending or investment, insurance and blockchain applications)?

With its business-friendly reputation and strategic location in the heart of Southeast Asia, Singapore is home to various types of fintech businesses such as payments, blockchain, digital asset exchanges, data management and crowdfunding, amongst others. Singapore continues to remain an attractive base for fintech businesses, with fintech investments for 2021 hitting a five-year high of US\$3.9 billion, up 59% from US\$2.5 billion in 2020.

To further develop and encourage a green fintech ecosystem in Singapore, the Monetary Authority of Singapore (“MAS”) announced in November 2021 that it will pilot four digital platforms under Project Greenprint, a project launched in December 2020, to promote a green finance ecosystem in Singapore. The four interoperable data platforms will: aggregate new and existing sustainability data across multiple sectoral platforms and industry players; and enable sharing of the data across different stakeholders.

As a result of the COVID-19 pandemic, the implementation of digital solutions, especially in the areas of e-commerce and digital payments, was accelerated in Singapore, with more consumers and businesses adopting cashless transactions.

This trend was reflected in the payments sector, with cashless payments via PayNow, a peer-to-peer instant fund transfer service in Singapore, hitting S\$20 billion in the first half of 2021 alone, surpassing the total volume it transacted in 2020. In February 2021, customers of three non-bank financial institutions, namely Grab Financial Group, Liquid Group and Singtel, were able to top up their digital wallets directly from their bank accounts and to transfer funds between these e-wallets via PayNow.

Singapore has also continued to develop its cross-border instant payments infrastructure, announcing linkage initiatives with Thailand’s PromptPay, Malaysia’s DuitNow, India’s Unified Payments Interface (“UPI”), and the Philippines’ real-time and QR payment systems.

1.2 Are there any types of fintech business that are at present prohibited or restricted in your jurisdiction (for example cryptocurrency-based businesses)?

Singapore generally adopts a fintech-friendly supervisory regime

which regulates cryptocurrency dealers and exchanges, enabling fintech businesses to operate while being held accountable to regulatory requirements. The regulatory regime is focused primarily on management of risks relating to money laundering and the financing of terrorism and the integrity and background of the controllers and management. This ensures that fintech businesses adhere to the best market and prudential practices while at the same time minimising the risks involved.

2 Funding For Fintech

2.1 Broadly, what types of funding are available for new and growing businesses in your jurisdiction (covering both equity and debt)?

The fintech sector is one of the fastest-growing sectors in Singapore. To encourage the growth of innovative start-ups in Singapore, the government announced in 2020 that up to S\$150 million had been set aside for the enhancement of the Startup SG Programme – a launch pad for entrepreneurs to access local support initiatives as well as connect to the global entrepreneurial network. In 2021, the Economic Development Board’s investment arm EDBI also established a Growth IPO Fund with a fund size of S\$500 million to invest in growth-stage companies, grooming them for IPOs in Singapore.

In addition, there are many angel investing networks, venture capital firms, private equity firms, start-up incubators and accelerator programmes that can assist new fintech businesses in raising capital.

2.2 Are there any special incentive schemes for investment in tech/fintech businesses, or in small/medium-sized businesses more generally, in your jurisdiction, e.g. tax incentive schemes for enterprise investment or venture capital investment?

In 2020, the MAS announced Financial Sector Technology and Innovation (“FSTI”) 2.0, an enhancement to the FSTI scheme launched in 2015. The enhanced scheme commits S\$250 million over the next three years with a threefold objective: building a stronger Singapore fintech talent pipeline; strengthening support for industry-wide and artificial intelligence (“AI”) innovation projects; and enhancing support for larger-scale early-stage technology experiments. FSTI includes grants to improve cybersecurity capability, accelerate digital adoption as well as fund proof-of-concepts for nascent technology projects.

A S\$125 million COVID-19 Support Package was introduced to help the financial and fintech sectors deal with the challenges from COVID-19. This Support Package includes: the Training

Allowance Grant; the Jobs Support Scheme; the Salary Subsidy for Polytechnic Graduate Hires; the Digital Acceleration Grant (for fintechs); the 90% Course Fee Subsidy; Discounts on Rental Cost; APIX Cares; the Fintech Self-Assessment Tool; and the Digital Acceleration Grant (for financial institutions). A S\$6 million MAS-Singapore Fintech Association-AMTD Foundation Fintech Solidarity Grant was also launched to help Singapore-based fintech businesses cope with the challenging business climate because of COVID-19.

Small/medium-sized enterprises (“SMEs”) (other than start-ups) also benefit from various assistance schemes – the key ones are:

- Enterprise Development Grant – helping companies upgrade their business, innovate or venture overseas.
- International Co-Innovation Programmes – for companies looking at internationalisation and cross-border collaboration.
- Land Productivity Grant (“LPG”) – to optimise land use through domestic or overseas relocation.
- Market Readiness Assistance (“MRA”) Grant – for overseas expansion.
- Productivity Solutions Grant (“PSG”) – helping companies adopt IT solutions and equipment to enhance business processes, including COVID-19 business continuity measures.
- SkillsFuture Enterprise Credit (“SFEC”) – transforming enterprise and developing employee capabilities.

The new Variable Capital Companies Act took effect in January 2020. The variable capital company (“VCC”) is a new corporate structure aimed at encouraging more investment funds to be domiciled in Singapore and enhancing Singapore as an international fund management hub. It allows for the operation of multiple, segregated sub-funds under an umbrella fund, and its flexible capital structure enables the buyback of shares and the distribution of profits from capital, offering fund managers greater operational flexibility and cost savings. A VCC enjoys the same tax incentives and tax deductions as Singapore companies. A VCC also enjoys tax exemption of income from venture companies, from companies incorporated and resident in Singapore arising from investments managed by a fund manager in Singapore, and from investments managed by fund managers in Singapore.

2.3 In brief, what conditions need to be satisfied for a business to IPO in your jurisdiction?

There are two boards of the Singapore Exchange Securities Trading Limited (“SGX-ST”) that companies can list on – the Main Board and the Catalist Board.

The criteria for a Main Board listing include: the company must have pre-tax profit of at least S\$30 million and an operating track record of at least three years; or have been profitable in the last financial year with a market capitalisation of at least S\$150 million and an operating track record of at least three years; or have operating revenue and market capitalisation of at least S\$300 million. A Prospectus is required for listing.

Generally, there is no minimum quantitative criteria for listing on the Catalist Board. Sponsors are authorised and regulated by SGX through strict admission criteria and subject to continuing obligation under the Catalist Rules. Sponsors determine the suitability of a company to list and supervise listed companies’ compliance with their continuing listing obligations. An Offer Document is required.

The respective listing rules state the other conditions that companies must fulfil.

2.4 Have there been any notable exits (sale of business or IPO) by the founders of fintech businesses in your jurisdiction?

A recent notable exit was the merger of Singapore’s Grab Holdings Limited with Altimeter Growth Corp, a Special Purpose Acquisition Company, and the subsequent listing of the combined entity on Nasdaq on 2 December 2021 under the ticker GRAB. The said merger was one of the biggest transactions globally and the combined entity was valued at nearly US\$40 billion.

The first fintech business to be listed in Singapore was Ayondo Ltd, which listed on the Catalist Board of SGX on 26 March 2018. Other acquisitions of Singapore fintechs have taken place, mainly by Southeast Asian unicorns. Integrated digital solutions platform ATMD Digital acquired a controlling stake in Singapore insurtech firm Policypal, then private securities exchange operator Capbridge, followed in short order by QR payments provider FOMO Pay – all in the year 2020.

3 Fintech Regulation

3.1 Please briefly describe the regulatory framework(s) for fintech businesses operating in your jurisdiction, and the type of fintech activities that are regulated.

In Singapore, most, if not all, of the financial products and services provided by banks/organisations that involve public interest are regulated.

There is different legislation enacted for the different types of services/products offered. In this regard, some of the more notable pieces of legislation are as follows:

- The Payment Services Act 2019, which provides for the licensing and regulation of payment service providers and payment services in Singapore. The Payment Services (Amendment) Bill was passed on 4 January 2021, where amendments pertaining to anti-money laundering and countering terrorist financing, cross-border money transfer services and digital payment token (“DPT”) services were introduced.
- The Securities and Futures Act 2001, which regulates the activities and institutions in the securities and derivatives industry, including leveraged foreign exchange trading of financial benchmarks and of clearing facilities.
- The Moneylenders Act 2008, which regulates moneylending, the designation and control of a credit bureau, and the collection, use and disclosure of borrower information and data.
- The Commodity Trading Act 1992, which regulates certain types of commodity trading.
- The Insurance Act 1966, which regulates the insurance business in Singapore, insurers, insurance intermediaries and related institutions.

3.2 Is there any regulation in your jurisdiction specifically directed at cryptocurrencies or cryptoassets?

Yes, the regulations that apply depend on the type of cryptocurrency/cryptoasset in question.

If the cryptocurrency/cryptoasset has the attributes of a commodity, the Commodity Trading Act is the relevant legislation (supervised by Enterprise Singapore). This act regulates business activities involving, among others, “spot commodity trading”, which is defined under the act as “*the purchase or sale of a commodity at its current market or spot price, where it is intended that such transaction results in the physical delivery of the commodity*”.

If the cryptocurrency/cryptoasset has the attributes of a DPT, the relevant legislation is the Payment Services Act 2019, which governs the licensing and regulation of payment service providers and payment systems in Singapore. The regulatory body overseeing the Payment Services Act is the MAS, which has also published guidelines on the provision of DPT services to the public.

If the cryptocurrency/cryptoasset has the attributes of a capital market product, the relevant legislation is the Securities and Futures Act (supervised by the MAS). Capital market products include securities, units in a collective investment scheme, derivatives contracts, and spot foreign exchange for the purpose of leveraged foreign exchange trading.

3.3 Are financial regulators and policy-makers in your jurisdiction receptive to fintech innovation and technology-driven new entrants to regulated financial services markets, and if so how is this manifested? Are there any regulatory 'sandbox' options for fintechs in your jurisdiction?

Singapore aims to be the world's first Smart Nation and the MAS has been fully committed to nurturing a fintech environment that supports innovation in financial services, setting its sights on establishing Singapore as a Smart Financial Centre.

The MAS Fintech Regulatory Sandbox regime was introduced in 2016 to facilitate live experiments of innovative financial services and business models within specified boundaries. For companies in insurance brokering businesses and those aspiring to be recognised market operators, the MAS Sandbox Express regime, introduced in 2019, applies. With effect from January 2022, the MAS implemented three enhancements to its Fintech Regulatory Sandbox framework, with the introduction of Sandbox Plus. The enhancements include expanding the eligibility criteria to include early adopters of technology innovation, streamlining application with financial grant for first movers of technology innovation and providing applicants with a platform to participate in deal making opportunities.

The MAS is also a key member of the Global Financial Innovation Network ("GFIN"), an association of 29 regulators that conceptualised a "global sandbox" in which fintech firms can pilot and scale their solutions in multiple jurisdictions simultaneously.

3.4 What, if any, regulatory hurdles must fintech businesses (or financial services businesses offering fintech products and services) which are established outside your jurisdiction overcome in order to access new customers in your jurisdiction?

At present, there are no regulatory hurdles specific to foreign fintech businesses. Just like businesses established in Singapore, foreign fintech businesses will have to comply with all the regulations and legal frameworks necessary in the conduct of their business.

4 Other Regulatory Regimes / Non-Financial Regulation

4.1 Does your jurisdiction regulate the collection/use/ transmission of personal data, and if yes, what is the legal basis for such regulation and how does this apply to fintech businesses operating in your jurisdiction?

Yes, the collection, use and transmission of personal data is

regulated and mainly governed by the Personal Data Protection Act 2012 ("PDPA").

In this regard, the Personal Data Protection Commission ("PDPC") was established on 2 January 2013 to administer and enforce the PDPA as a "light touch" regime. However, with effect from 1 February 2021, certain amendments to the PDPA took effect: it became mandatory for organisations to inform the PDPC of a data breach within three days; egregious mishandling of personal data by individuals became offences with prescribed penalties; and the underlying "consent framework" of the PDPA was expanded.

Many fintech business use cases require the regular collection of large amounts of data, with sophisticated analytics being used to provide the best customer experience as well as prudential controls. "Know Your Client" ("KYC") onboarding processes and controls are specified in the relevant regulations. Such processes would typically involve the collection of the prospective client's personal data. To bring efficiency and harmonise standards, the government developed the National Digital Identity ("NDI") platform (which came into operation in 2020), which provides Singapore residents with a nationally available means to prove their identity and sign documents digitally so they can transact conveniently and securely online.

4.2 Do your data privacy laws apply to organisations established outside of your jurisdiction? Do your data privacy laws restrict international transfers of data?

The PDPA has no extra-territorial reach and as such does not apply to organisations established outside of Singapore unless such organisations conduct their businesses in Singapore or collect/process personal data in Singapore.

Under the PDPA, there are strict provisions to organisations transferring personal data to a country or territory outside of Singapore. Notably, such transfers would only be permitted if the organisation ensures that the transferee outside of Singapore provides a standard of protection of the personal data that is comparable to that provided under the PDPA.

Before being permitted to transfer personal data outside of Singapore, the organisation must apply to the PDPC for an exemption of the general rule under the PDPA. The PDPC may grant the requested exemption subject to any conditions it deems fit to impose.

4.3 Please briefly describe the sanctions that apply for failing to comply with your data privacy laws.

In general, the sanctions provided under the PDPA are in the form of either a fine or an imprisonment term. The severity of the sanctions imposed under the PDPA will depend on both the type of breach and the severity of the breach. The penalty for a particular breach is normally provided within the section in the PDPA setting out the breach. In early 2021 there were amendments to the PDPA which included the introduction of new criminal offences: (i) knowing or reckless unauthorised disclosure of personal data; (ii) knowing or reckless unauthorised use of personal data for a wrongful gain or a wrongful loss to any person; and (iii) knowing or reckless unauthorised re-identification of anonymised data. The prescribed penalty for these offences, which may be imposed on individuals, is a fine not exceeding S\$5,000 or imprisonment for a term not exceeding two years, or both.

4.4 Does your jurisdiction have cyber security laws or regulations that may apply to fintech businesses operating in your jurisdiction?

Singapore's key cybersecurity legislation includes:

1. The Cybersecurity Act 2018, which mandates measures to: prevent, manage and respond to cybersecurity threats and incidents; regulate owners of critical information infrastructure; and regulate cybersecurity service providers.
2. The Computer Misuse Act 1993, the purpose of which is to secure computer material against unauthorised access or modification. In this regard, the Computer Misuse Act specifies the penalties for offences.
3. The Copyright Act 2021, which relates to copyright and matters related to copyright. The Copyright Act sets out the infringement offences.
4. The Strategic Goods (Control) Act 2002, the purpose of which is to control the transfer and brokering of certain goods and technology capable of being used in the development of weapons of mass destruction.
5. MAS Guidelines on Risk Management Practices – Technology Risk (“TRMG”), which contains risk management principles and best practice standards to guide financial institutions in managing technology risks.
6. MAS Notices on Cyber Hygiene, which apply to financial institutions, capital market intermediaries and other MAS-regulated entities, and which set out measures that such institutions must take to mitigate the growing risk of cyber threats.

The Cybersecurity Act 2018 regulates owners of critical information infrastructure, cybersecurity service providers and empowers the Commission of Cybersecurity to take measures to prevent, manage and respond to cybersecurity threats and incidents. In the past few years, cybersecurity has become a topic of primary concern, due to the rise of sophisticated and damaging cyber attacks on private enterprises and even government agencies. In response, the MAS issued the revised TRMG in January 2021, with enhanced requirements on financial institutions, their boards and senior management to address technology and cyber risks, and guidelines on enhanced risk mitigation strategies regarding the analysis and sharing of cyber threat intelligence, and the conduct of cyber exercises to stress-test cyber defences. More guidance was also provided on the level of assessment by the financial institution of third-party vendors and entities with access to its IT systems.

4.5 Please describe any AML and other financial crime requirements that may apply to fintech businesses in your jurisdiction.

Singapore's Anti-Money Laundering and Countering the Financing of Terrorism (“AML/CFT”) framework is based on policies, standards and guidelines developed by the Financial Action Task Force (“FATF”), an international body of which Singapore is a key member.

The MAS has issued several Notices relating to AML/CFT. Different Notices are addressed to regulated entities in different sectors. For example, Notice 626 is addressed to banks, while Notice 824 is addressed to finance companies. Fintechs that are licensed payment service providers are subject to, *inter alia*, Notice PSN01 (specified payment services) and Notice PSN02 (DPT services). This is an evolving framework. The Payment Services (Amendment) Bill was passed in Parliament in January 2021, and the amendments, which will come into force at a later date, seek to implement enhanced FATF standards that

are aimed at addressing the ML/TF risks posed by virtual asset service providers. Cross-border money transfer services of certain kinds will become subject to MAS's AML/CFT regulations, and the MAS will also have new powers to impose measures on DPT service providers.

In February 2022, the MAS issued a circular setting out industry good practices and additional supervisory guidance on non-face-to-face customer due diligence to help mitigate impersonation and fraud risks.

The other two existing pieces of legislation in this area are the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act and the Terrorist (Suppression of Financing) Act. They apply generally, including to fintech businesses.

4.6 Are there any other regulatory regimes that may apply to fintech businesses operating in your jurisdiction?

In addition to the business-specific regulatory regimes already described in this chapter, general business and company laws and regulations also apply to fintech companies, e.g. the Companies Act and the Employment Act (“EA”).

5 Accessing Talent

5.1 In broad terms, what is the legal framework around the hiring and dismissal of staff in your jurisdiction? Are there any particularly onerous requirements or restrictions that are frequently encountered by businesses?

The EA is the main legislation governing labour law in Singapore and provides certain statutory protection to employees working under a contract of service in Singapore. All employees in Singapore, except for seafarers, domestic workers and statutory board employees or civil servants, are covered under the EA.

If the contract of service does not provide for termination of the employment contract, the relevant provisions of the EA will apply, including who may provide notice of termination and the notice period and payment of salary of payment *in lieu* of notice.

A point to note is that the retirement and re-employment age will be raised to 63 and 68 from 62 and 67, respectively, with effect from 1 July 2022. Employers are prohibited from dismissing employees on the ground of age if they are not of retirement age.

The Fair Consideration Framework (“FCF”) was implemented in 2014, requiring employers to advertise roles and consider local candidates before they are able to hire foreign workers under an employment pass (“EP”). In 2020, the administrative penalties for non-compliance of the FCF were enhanced as a greater deterrent.

With effect from 1 September 2022, the minimum qualifying monthly salary for a new EP will be increased from S\$4,500 to S\$5,000 for all new applicants, and the minimum salary for new EP applicants in the financial services industry will be increased from S\$5,000 to S\$5,500.

5.2 What, if any, mandatory employment benefits must be provided to staff?

The core provisions of the Employment Act cover mandatory benefits such as: minimum days of paid annual leave; entitlements to public holidays and paid sick leave; timely payment of salary; and legal protection against wrongful dismissal.

Further, it is mandatory for an employer to make a 17% contribution to every employee's Central Provident Fund. There are other staff benefits mandatory under other Singapore laws. For example, the Child Development Co-Savings Act (Cap. 38A) sets out maternity leave and childcare leave benefits.

5.3 What, if any, hurdles must businesses overcome to bring employees from outside your jurisdiction into your jurisdiction? Is there a special route for obtaining permission for individuals who wish to work for fintech businesses?

Before commencing work in Singapore, foreigners will have to obtain a valid work pass, which varies depending on the type of engagement involved. Foreign workers are broadly classed as Professionals, Skilled or Semi-skilled workers (Trainees and Students are the additional classes).

To remain globally competitive, Singapore has always been open to foreign businesses and talent anchoring themselves here. However, Singapore's employment rules with regard to foreigners aim to strike a balance between being open to talent (especially in certain sectors of the economy) while ensuring Singaporeans have access to good jobs. These rules include mandatory advertising of certain jobs at the National Jobs Bank Portal (accessible to Singaporeans), and a minimum salary threshold for semi-skilled foreign workers.

For foreign entrepreneurs looking to start and operate a business in Singapore that is venture-backed or possess innovative technologies, the applicable pass to apply for is the EntrePass. The government introduced the Tech.Pass in January 2021, a new work pass category to attract highly accomplished technology executives and experts to contribute to advancing Singapore's tech ecosystem.

6 Technology

6.1 Please briefly describe how innovations and inventions are protected in your jurisdiction.

Innovations and inventions that are man-made are classified as intellectual property ("IP"). In Singapore, there are three mechanisms by which IP rights may be registered: a patent; a copyright; or a trademark.

Other than common law principles (such as the law on confidential information) that would apply, there is legislation that operates to govern these mechanisms for the registering of an IP right. Some of the more notable pieces of legislation include: the Copyright Act; the Registered Designs Act; the Patents Act; and the Trade Marks Act. Infringements may result in common law remedies such as damages and injunctions, and even criminal penalties such as fines and imprisonment.

To provide a more efficient and business-friendly IP landscape in Singapore, the Intellectual Property (Amendment) Bill 2021, which was passed on 12 January 2022, introduced changes to the Patents Act, the Trade Marks Act, and the Registered Designs Act. The changes aim to make it easier for businesses to protect and manage their intangible assets and IP. The new Copyright Act also came into force on 21 November 2021 to update and enhance Singapore's copyright regime, enabling it to keep up with technological developments, and to future-proof the regime to cater for future technological developments.

The Intellectual Property Office of Singapore ("IPOS") Act established the IPOS as a statutory board under the Ministry of Law, responsible for advising and administering IP laws. It

is the third most innovative IP office in the world. IPOS also plays a significant role in supporting the growth of fintech innovations in Singapore. On 26 April 2018, the Fintech Fast Track ("FTFT") initiative was launched by IPOS to expedite the application-to-grant process for fintech patent applications to as fast as six months.

6.2 Please briefly describe how ownership of IP operates in your jurisdiction.

Patents are for the protection of inventive designs and processes. A patent, according to IPOS, "*is a right granted to the owner of an invention that prevents others from making, using, importing or selling the invention without his permission*". Once the patent is registered, the owner is free to use, sell or license the patent.

Copyrights protect original work such as, amongst others, films, computer programs and sheet music. The owner of the copyrighted material has exclusive right to publish, perform, broadcast or adapt the work. The owner can also agree (in writing) to assign all or part of the rights to third parties. Moreover, the owner can also license (exclusive or non-exclusive) the work to third parties.

Trademarks are symbols that a business uses to distinguish itself from its competitors. In Singapore, one can either register a trademark or seek protection under the common law right of "passing off". Owners of the trademark have exclusive use of the mark for the goods and services for which it is registered. In Singapore, if it is a well-known mark, the owner's exclusive use of the mark extends to different industries even where there is no risk of public confusion. Once registered, a trademark can be licensed or sold to third parties.

6.3 In order to protect or enforce IP rights in your jurisdiction, do you need to own local/national rights or are you able to enforce other rights (for example, do any treaties or multi-jurisdictional rights apply)?

Patents – Filing a patent with the Registry of Patents (an office of IPOS) can be done either in person or online. Applying for a patent in multiple jurisdictions is possible under the Patent Cooperation Treaty (administered by the World Intellectual Property Organization ("WIPO")), using the Singapore's Registry of Patents as the receiving office.

Copyright – There is no official registration of copyrights before the right exists. A copyright arises immediately upon creation in the following typical scenarios: (1) if the work or subject matter was first published or made in Singapore or in a member country of the Berne Convention or the World Trade Organization; or (2) the creator of the work or subject matter was a citizen or resident of Singapore or of a member country of the Berne Convention or the World Trade Organization at the time when the work was first created.

Trademarks – Trademarks can be registered through IPOS either online or in person. In this regard, a person can choose to register the trademark only in Singapore or internationally through the Madrid Protocol (WIPO's international registration system of trademarks). Registration of the trademark will be effective on the day it is filed. Moreover, under the Trade Marks Act in Singapore, there is statutory protection for foreign businesses that are well known in Singapore (such as Apple or Nike), whereby these businesses can avail themselves of the rights and remedies provided under the act even without registering their trademarks.

6.4 How do you exploit/monetise IP in your jurisdiction and are there any particular rules or restrictions regarding such exploitation/monetisation?

Apart from the more conventional way of monetising IP by way of licensing IP rights, there are other ways companies can monetise IP in Singapore. The Singapore Government is keen to develop Singapore as an IP hub of Asia and, in doing so, recognises that there are several ways to help companies who are more IP rich than asset rich to monetise such assets.

For example, in 2014, the Singapore Government, through IPOS, launched an IP Financing Scheme to help IP-rich companies monetise their IP for business growth and expansion.

Participants of this scheme were able to use IP as collateral for loans with the participating banks. Under this scheme, the Singapore Government shared in the risk the participating banks are exposed to, so as to encourage them to approve the loans. This scheme was concluded in March 2018.

Despite the conclusion of this scheme, it is increasingly common for companies to use their IP as collateral for loans and to create a security over their IP. Another way to monetise IP is through an IP royalty securitisation, which involves the selling of potential IP-related incoming cash flows and/or future receivables in exchange for a lump-sum payment.

The regulations relating to the monetising of IP will be the same as the regulations in force in the banking sector at the relevant point in time.



Ch'ng Li-Ling is one of the founding members of RHTLaw Asia and presently heads the firm's Financial Services (Regulatory) Practice. She advises financial institutions, fintech firms and investors on capital raising and investments, capital markets services providers and operators of organised markets on MAS licensing and regulatory requirements, and payment services providers on digital token issuances and the establishment of digital assets exchanges and e-payments platforms. Li-Ling is a regular speaker at seminars on corporate finance and fintech issues. She co-authored "Law and Practice of Corporate Finance in Singapore", published by LexisNexis in 2016. She has taught at the Law Faculty of the National University of Singapore and the NUS Business School, and lectures at the Sorbonne-Assas International Law School. She was most recently named "Leading Lawyer – Highly Regarded for Capital Markets" in the 2020 edition of the leading legal publication *IFLR1000*.

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