

# **Implementation Guidance EP 100 IG 4 (Revised)**

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## **Code of Professional Conduct and Ethics**

# **Clarification on Financial Institutions Considered as Public Interest Entities**

This Implementation Guidance (IG) was issued by the Council of the Institute of Singapore Chartered Accountants (ISCA) on 14 October 2020.

This IG is revised on 19 July 2021 to reorder the categories of financial institutions (FIs) in Table 1 to be mapped to the definition of a financial institution in EP 100 (Revised on 7 July 2021).

**CODE OF PROFESSIONAL CONDUCT AND ETHICS**  
**CLARIFICATION ON FINANCIAL INSTITUTIONS CONSIDERED**  
**AS PUBLIC INTEREST ENTITIES**

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## 1 Introduction

Members of the Institute of Singapore Chartered Accountants (ISCA) must adhere to Ethics Pronouncement (EP) 100 *Code of Professional Conduct and Ethics* (EP 100). EP 100 is modelled after the *International Code of Ethics for Professional Accountants* published by the International Ethics Standards Board for Accountants of the International Federation of Accountants (IESBA). It also encompasses locally developed SG provisions included in the *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* issued by the Accounting and Corporate Regulatory Authority.

Professional firms auditing public interest entities (PIEs) are subject to higher independence requirements, such as stricter rotation requirements and prohibition from providing certain non-assurance services, to ensure high level of audit quality and integrity of the audited financial statements.

In EP 100 (Revised on 7 July 2021), the definition of public interest entities<sup>1</sup> include all listed entities, entities in the process of issuing debt or equity instruments for trading on Singapore Exchange, financial institutions (FIs), large charities and large institutions of a public character. The factors in paragraph 400.8<sup>2</sup> of EP 100 (Revised on 7 July 2021) should also be considered to determine whether an entity is a PIE. Factors to be considered include:

- The nature of the business, such as the holding of assets in a fiduciary capacity for a large number of stakeholders. Examples might include financial institutions, such as banks and insurance companies, and pension funds.
- Size.
- Number of employees.

In EP 100 (Revised on 7 July 2021), an FI is any of the following:

- (a) a bank that holds a valid licence under section 7 or 79 of the Banking Act (Cap. 19);
- (b) a corporation that —
  - (i) is a merchant bank or any other financial institution approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186); or
  - (ii) holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;
- (c) a trustee-manager of a business trust registered under section 4 of the Business Trusts Act (Cap. 31A) where the units of the business trust are listed for quotation on an approved exchange as defined in section 2(1) of the Securities and Futures Act (Cap. 289);
- (d) a licensed credit bureau as defined in section 2 of the Credit Bureau Act 2016 (Act 27 of 2016);
- (e) a finance company licensed under section 6 of the Finance Companies Act (Cap. 108);
- (f) a financial adviser licensed under section 13 of the Financial Advisers Act (Cap. 110);
- (g) a designated financial holding company as defined in section 2(1) of the Financial Holding Companies Act 2013 (Act 13 of 2013);
- (h) an authorised reinsurer as defined in section 1A of the Insurance Act (Cap. 142);
- (i) a licensed insurer as defined in section 1A of the Insurance Act;
- (j) a registered insurance broker as defined in section 1A of the Insurance Act;

<sup>1</sup> As defined in in the Glossary of EP 100 (Revised on 7 July 2021). Please see Appendix.

<sup>2</sup> Please see Appendix.

- (k) a member of Lloyd's as defined in regulation 2 of the Insurance (Lloyd's Asia Scheme) Regulations (Cap. 142, Rg 9) that is permitted to carry on any insurance business specified in the First Schedule to those Regulations in accordance with regulation 3 of those Regulations;
- (l) an operator of a payment system that is designated as a designated payment system under section 42 of the Payment Services Act 2019 (Act 2 of 2019);
- (m) a major payment institution as defined in section 2(1) of the Payment Services Act 2019;
- (n) a settlement institution of a payment system that is designated as a designated payment system under section 42 of the Payment Services Act 2019;
- (o) a standard payment institution as defined in section 2(1) of the Payment Services Act 2019;
- (p) an authorised benchmark administrator as defined in section 2(1) of the Securities and Futures Act;
- (q) any of the following capital market infrastructure providers:
  - (i) an approved clearing house as defined in section 2(1) of the Securities and Futures Act;
  - (ii) an approved exchange as defined in section 2(1) of the Securities and Futures Act;
  - (iii) an approved holding company as defined in section 2(1) of the Securities and Futures Act;
  - (iv) a recognised clearing house as defined in section 2(1) of the Securities and Futures Act;
  - (v) a recognised market operator as defined in section 2(1) of the Securities and Futures Act;
- (r) the Depository as defined in section 81SF of the Securities and Futures Act;
- (s) an exempt benchmark administrator as defined in section 2(1) of the Securities and Futures Act;
- (t) a holder of a capital markets services licence granted under section 86 of the Securities and Futures Act;
- (u) a licensed trade repository as defined in section 2(1) of the Securities and Futures Act;
- (v) a trustee for a collective investment scheme authorised under section 286 of the Securities and Futures Act, that is approved under section 289 of that Act;
- (w) a Registered Fund Management Company as defined in regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations (Cap. 289, Rg 10);
- (x) a licensed trust company as defined in section 2 of the Trust Companies Act (Cap. 336).

With the objective of supporting the accountancy profession, ISCA Ethics Committee embarked on an initiative to perform an analysis on the FIs extracted from the [Financial Institutions Directory](#) of the Monetary Authority of Singapore (MAS) to assess if they fall within the definition of FIs in EP 100 (Revised on 7 July 2021) and hence, are considered as PIEs. Following that, ISCA consulted the relevant regulatory bodies to clarify the scope of FIs as specified in EP 100 (Revised on 7 July 2021).

EP 100 Implementation Guidance (IG) 4 – *Clarification on Financial Institutions Considered as Public Interest Entities* was issued on 14 October 2020 to clarify the scope of entities that falls within the definition of an FI in EP 100 (Revised on 14 August 2020).

EP 100 IG 4 (Revised) is revised on 19 July 2021 to reorder the categories of FIs in Table 1 to be mapped to the definition of an FI in EP 100 (Revised on 7 July 2021).

## 2 Financial institutions that are not public interest entities

The following do not fall within the definition of FIs in EP 100 (Revised on 7 July 2021) and are not considered as PIEs.

- (i) Money changers;
- (ii) Representative offices (banking and insurance);
- (iii) All persons<sup>3</sup> exempt from holding a capital markets services (CMS) licence to carry on business in advising on corporate finance under paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR)<sup>4</sup>;
- (iv) All persons<sup>3</sup> exempt from holding a financial adviser's licence under regulation 27(1)(d) of the Financial Advisers Regulations (FAR)<sup>5</sup>; and
- (v) All persons<sup>3</sup> exempt from holding a trust business licence in respect of the carrying on of trust business under section 15(1)(d) and (e) of the Trust Companies Act.

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<sup>3</sup> Include any company or association or body of persons, corporate or unincorporate.

<sup>4</sup> Paragraph 7(1)(b) of the Second Schedule to the SFR states that a person resident in Singapore who carries on business in Singapore in giving advice on corporate finance to accredited investors, expert investors or institutional investors, shall be exempted from the requirement to hold a CMS licence to carry on business in advising on corporate finance, provided that:

- i) such advice is not specifically given for the making of any offer of specified products to the public by the accredited investor, expert investor or institutional investor to whom the advice was given; and
- ii) where the accredited investor, expert investor or institutional investor is —

- (A) a public company;
- (B) listed on an approved exchange; or
- (C) a subsidiary of a corporation listed on an approved exchange,

such advice is not circulated to the shareholders (other than shareholders who are accredited investors) of (in the case of sub-paragraph (A) or (B)) the accredited investor, expert investors or institutional investors or (in the case of sub-paragraph (C)) the listed corporation, or is otherwise made known to the public.

<sup>5</sup> Regulation 27(1)(d) of the FAR states that a person resident in Singapore who acts, whether directly or indirectly, as a financial adviser in giving advice in Singapore, either directly or through publications or writings or by issuing or promulgating research analyses or research reports, concerning any investment product (other than life policies), to not more than 30 accredited investors on any occasion, is exempt from holding a financial adviser's licence under section 23(1)(f) of the Financial Advisers Act (FAA). Under section 23(1)(f) of the FAA, such person is exempt from holding a financial adviser's licence to act as a financial adviser in Singapore in respect of any financial advisory service.

### 3 Financial institutions that are public interest entities

The following fall within the definition of FIs in EP 100 (Revised on 7 July 2021) and are PIEs. Explanatory note is included to illustrate why the FIs are PIEs.

No	Definition of an FI in EP 100 (Revised on 7 July 2021)	FI	Explanatory note to illustrate why the FI is a PIE
1	(a) a bank that holds a valid licence under section 7 or 79 of the Banking Act (Cap. 19);	Banks	Banks handle public funds.
2	(b) a corporation that — (i) is a merchant bank or any other financial institution approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186); or	Merchant banks	Merchant banks handle public funds.
3	(ii) holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;	Money brokers	Money brokers act as intermediaries between banks in the wholesale financial market for a wide variety of financial products.
4		Financial holding companies	Financial holding companies are the parent companies of banks or insurance companies. They can exercise control over the companies.
5	(c) a trustee-manager of a business trust registered under section 4 of the Business Trusts Act (Cap. 31A) where the units of the business trust are listed for quotation on an approved exchange as defined in section 2(1) of the Securities and Futures Act (Cap. 289);	Trustee-managers of listed registered business trusts <sup>6</sup>	Trustee-managers manage and operate listed registered business trusts that raise funds from the public and have a large number of stakeholders.
6	(d) a licensed credit bureau as defined in section 2 of the Credit	Licensed credit bureaus	Licensed credit bureaus consolidate customer information from banks and produce credit reports widely used for credit assessment. They hold confidential data of a large number of customers and can affect public's ability to

<sup>6</sup> Trustee-managers of listed registered business trusts are not licensed by MAS. However, the list of registered business trusts and their details are available on the MAS website.

No	Definition of an FI in EP 100 (Revised on 7 July 2021)	FI	Explanatory note to illustrate why the FI is a PIE
	Bureau Act 2016 (Act 27 of 2016);		borrow, and financial institutions' ability to lend.
7	(e) a finance company licensed under section 6 of the Finance Companies Act (Cap. 108);	Finance companies	Finance companies' businesses involve financing the hire-purchase transactions, borrowing money from and lending money to the public.
8	(f) a financial adviser licensed under section 13 of the Financial Advisers Act (Cap. 110);	Licensed financial advisers	Licensed financial advisers provide financial advice to members of the public.
9	(g) a designated financial holding company as defined in section 2(1) of the Financial Holding Companies Act 2013 (Act 13 of 2013);	Designated financial holding companies	Designated financial holding companies are the parent companies of banks or insurance companies. They can exercise control over the companies.
10	(h) an authorised reinsurer as defined in section 1A of the Insurance Act (Cap. 142);	Authorised reinsurers (Life, General and Composite)	They handle public funds.
11	(i) a licensed insurer as defined in section 1A of the Insurance Act;	Direct insurers (Life, General and Composite)	They handle public funds.
12		Reinsurers (Life, General and Composite)	They handle public funds.
13		Captive insurers (Life, General and Composite)	Captive insurers are allowed to write non in-house risks subject to certain conditions under MAS Notice 121 Captive Insurance – Writing of In-house and Non In-house Risks. Accordingly, they would handle public funds.
14	(j) a registered insurance broker as defined in section 1A of the Insurance Act;	Registered insurance brokers	Registered insurance brokers act as intermediaries in insurance market. They would affect a large number and wide range of stakeholders.
15	(k) a member of Lloyd's as defined in regulation 2 of the Insurance (Lloyd's Asia Scheme) Regulations (Cap. 142, Rg 9) that is permitted to carry on any insurance business specified	Lloyd's Asia Scheme	They handle public funds.

No	Definition of an FI in EP 100 (Revised on 7 July 2021)	FI	Explanatory note to illustrate why the FI is a PIE
	in the First Schedule to those Regulations in accordance with regulation 3 of those Regulations;		
16	(l) an operator of a payment system that is designated as a designated payment system under section 42 of the Payment Services Act 2019 (Act 2 of 2019);	Operators of designated payment systems	Such operators support the smooth functioning of payment systems which are systemically important or have system-wide importance. Disruptions to the functioning of these designated payment systems could undermine stability or public confidence in the financial system.
17	(m) a major payment institution as defined in section 2(1) of the Payment Services Act 2019;	Major payment institutions	Payment institutions handle public funds as part of providing payment services.
18	(n) a settlement institution of a payment system that is designated as a designated payment system under section 42 of the Payment Services Act 2019,	Settlement institutions of designated payment systems	Such settlement institutions support the smooth functioning of payment systems which are systemically important or have system-wide importance. Disruptions to the functioning of these designated payment systems could undermine stability or public confidence in the financial system.
19	(o) a standard payment institution as defined in section 2(1) of the Payment Services Act 2019;	Standard payment institutions	Payment institutions handle public funds as part of providing payment services.
20	(p) an authorised benchmark administrator as defined in section 2(1) of the Securities and Futures Act;	Authorised benchmark administrators	Authorised benchmark administrators are in charge of administering designated benchmarks, which are benchmarks that have been identified as systemically important to Singapore's financial system. They would have effect on the credibility and integrity of the benchmark setting and governance framework. There is high public interest that such benchmarks are administered properly, as they are used widely in Singapore, and affect consumers.



No	Definition of an FI in EP 100 (Revised on 7 July 2021)	FI	Explanatory note to illustrate why the FI is a PIE
21	(q) any of the following capital market infrastructure providers: (i) an approved clearing house as defined in section 2(1) of the Securities and Futures Act;	Approved clearing houses	Approved clearing houses carry out the clearing or settlement of transactions in securities or derivatives contracts. Disruptions to the functioning of approved clearing houses could cause widespread disruptions among financial market participants and may even result in instability of the financial system.
22	(ii) an approved exchange as defined in section 2(1) of the Securities and Futures Act;	Approved exchanges	Approved exchanges are places or facilities through which offers or invitations to exchange, sell or purchase derivatives contracts, securities or units in collective investment schemes are made. Disruptions to the functioning of an approved exchange could undermine stability or public confidence in the financial system.
23	(iii) an approved holding company as defined in section 2(1) of the Securities and Futures Act;	Approved holding companies	Approved holding companies are the parent companies of approved exchanges or approved clearing houses and can exercise control over them.
24	(iv) a recognised clearing house as defined in section 2(1) of the Securities and Futures Act;	Recognised clearing houses	Recognised clearing houses carry out the clearing or settlement of transactions in securities or derivatives contracts. Major disruptions to the functioning of recognised clearing houses could cause widespread disruptions among financial market participants and may even result in instability of the financial system.
25	(v) a recognised market operator as defined in section 2(1) of the Securities and Futures Act;	Recognised market operators	Recognised market operators operate places or facilities through which offers or invitations to exchange, sell or purchase derivatives contracts, securities or units in collective investment schemes are made. Major disruptions to the functioning of a recognised market operator could undermine stability or public confidence in the financial system.
26	(r) the Depository as defined in section 81SF of the Securities and Futures Act;	Central depository systems	Central depository systems provide central safekeeping of securities for market participants and facilitate the settlement of securities transactions by means of book-entry. Major disruptions to the functioning of central depository systems could cause widespread disruptions among financial market participants, and may even result in instability of the financial system.
27	(s) an exempt benchmark administrator as defined in section 2(1) of the Securities and Futures Act;	Exempt benchmark administrators	Exempt benchmark administrators are in charge of administering designated benchmarks, which are benchmarks that have been identified as systemically important to Singapore's financial system. They would have effect on the credibility and integrity of the benchmark setting and governance framework. There is high public interest that such benchmarks are administered properly, as they are used widely in Singapore, and affect consumers.

No	Definition of an FI in EP 100 (Revised on 7 July 2021)	FI	Explanatory note to illustrate why the FI is a PIE
28	(t) a holder of a capital markets services licence granted under section 86 of the Securities and Futures Act;	Capital Markets Services (CMS) licensees	CMS licensees act as intermediaries in financial market. They would affect a large number and wide range of stakeholders and handle public funds.
29	(u) a licensed trade repository as defined in section 2(1) of the Securities and Futures Act;	Licensed trade repositories	Licensed trade repositories hold important trade data of market participants that are intended for reporting to MAS. Any mismanagement of the trade data could compromise the confidentiality of the trade information or result in publication of erroneous trade data that mislead the public.
30	(v) a trustee for a collective investment scheme authorised under section 286 of the Securities and Futures Act, that is approved under section 289 of that Act;	Approved Collective Investment Schemes (CIS) trustees	Approved CIS trustees act as the trustee for CIS offered to investors in Singapore.
31	(w) a Registered Fund Management Company as defined in regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations (Cap. 289, Rg 10);	Registered Fund Management Companies (RFMCs)	RFMCs manage third parties' monies.
32	(x) a licensed trust company as defined in section 2 of the Trust Companies Act (Cap. 336).	Licensed Trust Companies (LTCs)	LTCs provide trust services for investment and wealth management purposes, such as succession planning.

Table 1 List of FIs that are PIEs in EP 100 (Revised on 7 July 2021)

#### 4 Appendix – Definition of public listed entities in EP 100 (Revised on 7 July 2021)

##### Public Interest Entities

Paragraph 400.8	<p>Some of the requirements and application material set out in this Part reflect the extent of public interest in certain entities which are defined to be public interest entities. Firms are encouraged to determine whether to treat additional entities, or certain categories of entities, as public interest entities because they have a large number and wide range of stakeholders. Factors to be considered include:</p> <ul style="list-style-type: none"><li>• The nature of the business, such as the holding of assets in a fiduciary capacity for a large number of stakeholders. Examples may include financial institutions, such as banks and insurance companies, and pension funds.</li><li>• Size.</li><li>• Number of employees.</li></ul>
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##### Glossary, including Lists of Abbreviations

Public interest entity	<p>(a) A listed entity; or</p> <p>(b) Any entity:</p> <p>(i) Defined by regulation or legislation as a public interest entity; or</p> <p>(ii) For which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulation might be promulgated by any relevant regulator, including an audit regulator.</p> <p><i>Other entities might also be considered to be public interest entities, as set out in paragraph 400.8.</i></p>
Note: Additional SG definition of “Public interest entity”	<p>For the purposes of sub-paragraph (b)(i), a public interest entity means —</p> <p>(a) Any entity that is listed or is the process of issuing its debt or equity instruments for trading on a securities exchange in Singapore;</p> <p>(b) Any entity that is incorporated in Singapore and the securities of which are listed on a securities exchange outside Singapore; or</p> <p>(c) Any financial institution.</p> <p>For the purposes of sub-paragraph (b)(ii), the audit of large charities and large institutions of a public character shall be conducted in compliance with the same independence requirements that apply to the audit of listed entities.</p>

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