

REVIEW TIMES

JULY 2018



**READ THE LATEST
SINGAPORE, ASEAN
AND INTERNATIONAL
TECHNICAL UPDATES**

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**MEET OUR NEW RT ASEAN
COO - EDDIE Lim**

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Technical Updates

RT brings to you the latest Technical Updates on Audit and Assurance, Financial Reporting, Business Regulation and Ethics in Singapore and other global regulatory bodies and their implications thereof.

Prepared & Written By: Andrew Chua



1. REGULATORY AND BUSINESS (Singapore)

1.1 SGX launches rules for listing of dual class shares companies

On 26 June 2018, the Singapore Exchange (SGX) announced rules that make possible the listing of companies with dual class shares (DCS) structures as Singapore gears up for the New Economy. The rules took effect immediately.

The rules follow two rounds of public consultations with the second consultation closed on 27 April 2018. Safeguards to address specific risks associated with DCS include:

- Requiring an enhanced voting process where all shares carry one vote each regardless of class, for the appointment and removal of independent directors and/or auditors, variation of rights attached to any class of shares, a reverse takeover, winding-up or delisting.
- Requiring the majority of the audit committee, the nominating committee and the remuneration committee, and each of their respective chairman, to be independent directors.
- Capping each multiple voting (MV) share at 10 votes a share and limiting the holders of MV shares to named individuals, or permitted holder groups whose scope must be specified at Initial Public Offering (IPO).
- Requiring sunset clauses where MV shares will auto-convert to ordinary voting (OV) shares under circumstances the company must stipulate at the time of the IPO.

SGX's responses to the feedback received are found at the following URL: <https://bit.ly/2MuZG9h>



2. REGULATORY AND BUSINESS (ASEAN)

2.1 Bursa Malaysia issues consultation paper on exchange-traded funds

On 9 July 2018, Bursa Malaysia issued a consultation paper to seek feedback on the proposed review of the Main Market Listing Requirements ("Main LR") and the Rules and Directives of Bursa Malaysia Securities Berhad ("BMS Rules and Directives") in relation to exchange-traded funds ("ETFs").

The proposed amendments resulted from key recommendations made in 2017 by a task force on ETFs, comprising the Securities Commission, Bursa Malaysia and other market participants.

The proposed amendments are summarised below:

(a) Main LR

- (i) liberalising the interim reporting frequency of ETF from quarterly basis to semi-annual basis to be in line with most of the benchmarked international practices;
- (ii) enhancing the contents of ETF interim and annual report arising from various new ETF products and their specific requirements for greater investor protection and transparency; and
- (iii) enhancing the immediate announcement requirements to promote greater transparency in relation to the index or benchmark tracked by the ETF.

(b) BMS Rules and Directives

- (i) introducing conditions for investors trading in leveraged and inverse ETFs ("L&I ETFs"), including qualifying criteria and the requirement to execute a risk disclosure statement; and
- (ii) enhancing the Permitted Short Selling ("PSS") framework to allow for Market Makers to short sell all types of ETFs, as opposed to limiting it to Equity-based ETFs only presently.

In formulating the proposed amendments, Bursa Malaysia ensured that the proposals are benchmarked with international standards. These include requirements from Singapore, Hong Kong, United Kingdom and Taiwan, where relevant and appropriate.

The public consultation period runs from 9 July 2018 to 23 July 2018. For further information and to access the consultation paper, please go to the following URL: <https://bit.ly/1UH6Fm>

3. FINANCIAL REPORTING

(INTERNATIONAL)

3.1 IASB issues discussion paper on accounting for financial instruments with characteristics of equity

On 28 June 2018, the International Accounting Standards Board (Board) published for public comment, a Discussion Paper (DP/2018/1 *Financial Instruments with Characteristics of Equity*) on how companies issuing financial instruments should classify them in their financial statements.

International Accounting Standard (IAS) 32 *Financial Instruments: Presentation* currently sets out how a company that issues financial instruments should distinguish financial liabilities from equity instruments. That distinction is important because the classification of the instruments affects how a company's financial position and performance are depicted.

IAS 32 works well for most financial instruments. However, continuing financial innovation means that some companies find it challenging to classify some complex financial instruments that combine some features of both debt—liabilities—and ordinary shares—equity instruments.

Challenges in classifying these instruments can result in diverse accounting in practice, which in turn makes it difficult for investors to assess and compare companies' financial position and performance. In addition, investors have been calling for better information, particularly about equity instruments.

The IASB has responded to feedback from investors and others and has considered previous work on the topic to propose an approach that would:

- provide a clear rationale for why a financial instrument would be classified as either a liability or equity without fundamentally changing the existing classification outcomes of IAS 32; and
- enhance the information provided through presentation and disclosure.

This approach would provide investors with richer and more comparable information about financial instruments issued by companies. Clearer principles will help companies accounting for financial instruments they issue both now and as financial instruments continue to evolve.

The IASB is now requesting for feedback on this proposed approach to help it further develop a solution.

The Discussion Paper is open for comments until 7 January 2019. A Snapshot, providing a top line summary of the document, is also available.

To access the Discussion Paper, please go to the following URL: <https://bit.ly/2KE86O9>

To access the Snapshot, please go to the following URL: <https://bit.ly/2NLXag8>

3.2 IASB issues educational material to support the implementation of IFRS 17 on insurance contracts issued by mutual entities

As part of the IASB's activities to support the implementation of International Financial Reporting Standard (IFRS) 17 *Insurance Contracts*, on 10 July 2018 the IASB published an educational material for insurance contracts issued by mutual entities. This 12-page document covers:

- what a mutual entity is;
- accounting for contracts issued by a mutual entity; and
- whether a mutual entity could have equity.

The educational material has been prepared by staff in response to implementation questions submitted to the Transition Resource Group for IFRS 17 regarding how IFRS 17 applies to insurance contracts issued by a mutual entity.

To access the educational material, please go to the following URL:

<https://bit.ly/2NijM24>



Viewpoint from RT ASEAN

Our experts from across RT ASEAN are proud to bring you the latest talk and buzz in the Financial, Digital & Legal industry.

LEGAL AND ACCOUNTING CONNECT 2018: A CALL TO MARKET - A ONE STOP SOLUTION WITHOUT BORDERS

Prepared By: Alden Ch'ng



The Legal and Accounting Connect 2018 was held on 29 June 2018 and was co-organised by the Association of Chartered Certified Accountants (ACCA) and the Law Society of Singapore (LSS).

In the report of the working group (under Singapore's CFE (Committee on the Future Economy)) for the Legal and Accounting Sectors, published in 2017, several areas of growth opportunities were identified. This discovery demands that legal and accounting practices will need to work closer together than ever before to fully grasp the opportunities which lie in the region.

The report was the basis for the event which brought together thought leaders from both legal and accounting fields together for a time of knowledge sharing and networking.

Present at the event were key figures in the industry including Ms Indranee Rajah S.C. – Minister in the Prime Minister's Office and Second Minister for Law, Finance and Education, Mr Gregory Vijayendran – President, The Law Society of Singapore and Mr Chaly Mah - Chairman of Singapore Accountancy Commission.

"Clients today face the challenges of a tough business environment and the need to manage businesses that cross geographical borders. As a result, an integrated service that comprises cross-border networks of multidisciplinary service providers would better meet the needs of today's clients"

Ravi Arumugam

CEO & Managing Partner
RT LLP & RT Group

Executive Chairman
RT ASEAN



RT ASEAN's Chairman Ravi Arumugam, and managing director Peter Doraisamy from member firm Peter Doraisamy LLC were also present at the event as guest speakers covering the topic of "A Call to Market - A One Stop Solution without Borders"

"Legal and accounting practices are facing an increasing need to work together to meet the rising demand for overlapping and cross-border services that Clients today require. One viable and effective solution is to provide Clients one point of contact through an integrated network of Legal and Accounting firms for an array of multidisciplinary services regardless of jurisdiction and location."

Peter Doraisamy
Managing Director
Peter Doraisamy LLC



CONTACT US

Interested to find out more about RT ASEAN's Legal and Accounting services? Contact our COO, Eddie at eddie.lim@rtasean.com or contact him at +65 6226 0080

Robotics Process Automation (RPA) and Automation in Finance



Accounting Analytics and Management

Prepared By:

*Garima Jain
Monish Kumar Desai
Priya Desai*

Robotics Process Automation (RPA) and Automation in Finance

What is Robotic Process Automation?

Software robots that mimic the work of humans across applications non-invasively. RPA are best suited for repetitive, high volume, long running and rules driven work. To give a scale, RPA market size by 2024 is to be \$8.75 billion which would be 65% less expensive than the full-time employees (figures courtesy of Grand View Research).

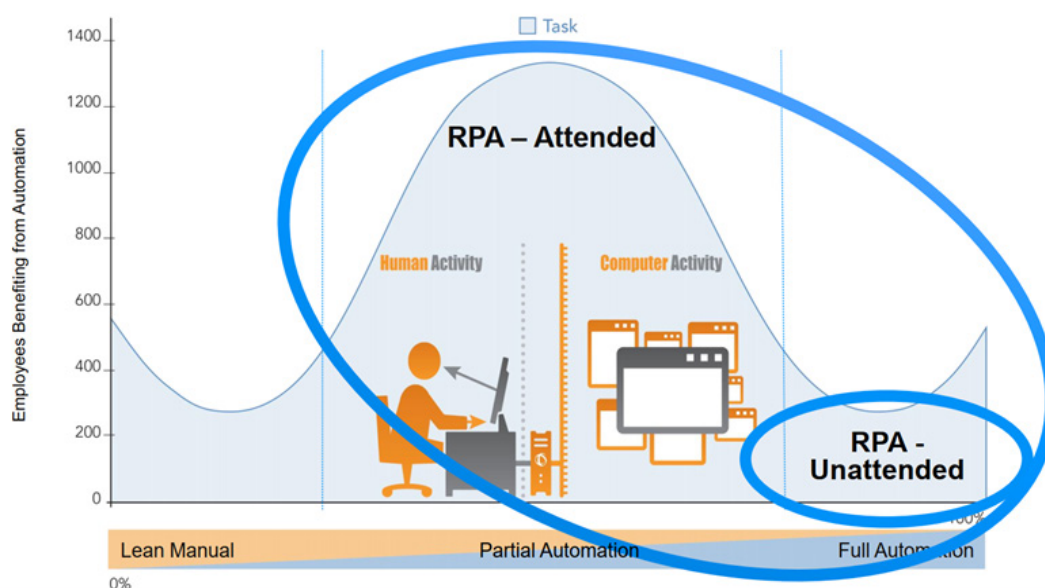
Over the years we have gotten used to terminology of handing over our work to computer in one of these forms: VB Macros, Artificial Intelligence, Screen Scrapping, Bots, Augmented, Unattended desktop, Scripting and so on. So why RPA now?

- Because “Robotic” sounds great! Who isn’t talking about it?
- Need more cost savings and quick wins
- Regulations and compliance
- Legacy applications are too expensive to automate in time.
- “APIs” or services architecture doesn’t exist. In case it exists, it is too slow and too expensive to deliver ROI.
- Why spend time training people to do a job that can be spent on training Robots?

Can Robots now do everything a human can do?

The answer is not yet!

RPA landscape can be categorised as Unattended and Attended RPA. Unattended are focused primarily on back office and have a very niche use cases, whereas, Attended RPA are focused in front and back office and are used more widely across industry. Usage statistics illustrated below:



Where do I start?

- Be unambiguous in defining the desired ROI.
- Use case vs technological variations in RPA.
- Be practical, RPA is to replace your work not you. Don't expect robots to do something you wouldn't expect human to do.
- Employee combination of attended and unattended RPA together.
- Think bigger, go beyond small-scale rote automation. Target wider audiences where impact would resonate.

In today's scenario where digitization is the need of the hour, we need to focus on the most left out process i.e. Finance and Accounting, which is one of the most important pillars of a business organization.

Majority of processes can be automated with capture, workflow and RPA automation solutions available in the market, which helps to reduce the risk of inaccurate results and trust the outcomes in comparison to manual calculations.

What Can I Automate?

- Onboarding new suppliers/customers, validating and updating their data periodically and invoicing using Invoice portals
- Robots can sneak into websites and source pricing of products for a comparative analysis of cost between different vendors
- Reconciling deliveries with purchase orders for validating the shipments and reporting exceptions
- RPA can help to close subledgers and delivering financial filings to regulatory bodies like systems, departments and individuals
- Gathering and consolidation of transactions & reconciling in ERP systems
- Collecting, processing, and delivering the information for analysing financial and operational performance

What Pierian has been able to achieve so far?

- Creation of Invoices automatically using data extraction from different sources
- Reduced time effort in creation of monotonous and repetitive presentations



Monish Kumar Desai
Program Manager
Pierian, Pune

Monish is a technologist having completed Masters of Engineering in Human Computer Interaction from University of Queen's, Canada. He started his carrier as a Automated Testing Co-op Engineer at Nortel Networks, Ireland. Since then he has worked across three continents for over 4 years, and currently working as Program Manager at Pune, India with Pierian.



Priya Desai
Senior Financial Analyst
Pierian, Pune

Priya Desai is a qualified Chartered Accountant working as Senior Financial Analyst in Pierian Services. Having 3 years experience of working for Fortune 1000 company in analytics domain.

Analytics and Management Dashboards

Analytical Dashboards display the status of metrics and Key Performance Indicators (KPIs) for an enterprise. Analytical Dashboards consolidate and arrange metrics, figures and overall performance scorecards on a single screen at organizational level to the granular levels.

Analytics-driven approach allows the organisation to do more accurate planning, forecasting, and budgeting. It empowers financial managers with predictive and prescriptive analytics to gain operational visibility, identify underperforming areas, maximize customer value, and effect change at every level of the organization.

Using analytical skills, we have built several dashboards such as Operational Dashboards, Strategic Dashboards, Tactical Dashboards etc. to enable the management to monitor the progress of different activities across the organisation.

These dashboards are built within separate departments such as sales, manufacturing, finances, operations, services and human resources. All these departments require dashboards so that they can perform their everyday activities efficiently.

These dashboards are used by senior executives, managers to understand, monitor and track the company's progress.

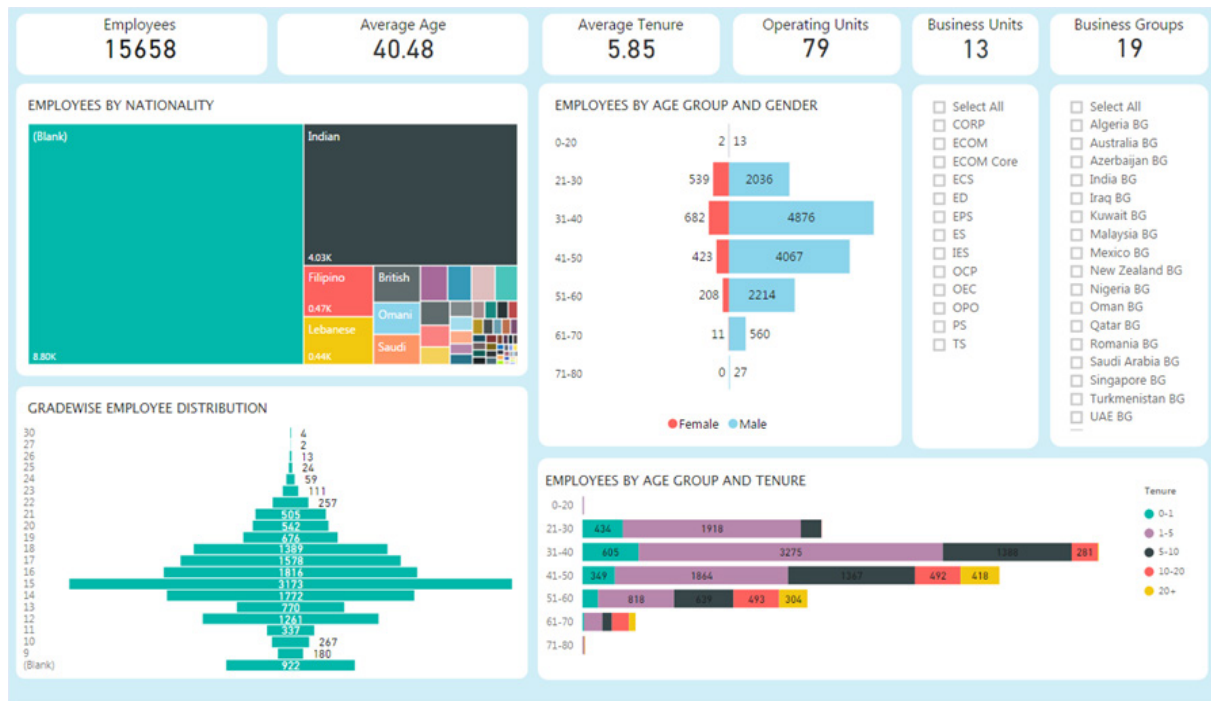
We at Pierian Services make it easy for everyone, from analysts to executives, executives to managers to analyse, view and understand how crucial facets of the business are performing.

Travel Analytics and Big Data solution hosted on the Cloud for a leading global entity:

These dashboards were developed using Sisense as the visualization and analytical engine. Users access data from the GDS in real-time which is extracted and cleaned, the data changes over period and updates the dashboards as desired by the operational users. Other data sources like industry news feeds and RSS are meshed up to present back a context-based information. This information is used to manage decision in real-time while executing transactions.

Digital Marketing and Sales Forecasting Dashboards:

Customer acquisition analytics and strategies helps the management to optimize their marketing spend. These dashboards were implemented to analyse CRM data to acquire new customer which helped the entity to reduce their marketing spend. Further step was to visualize the forecasting data to enable the managers to understand the forecasting and revenue trend by comparing with the last week and years' dashboards.



Garima Jain
Business Analyst
Pierian, Pune

Garima is post graduate from IIIT Bangalore in Data Science. Business Analyst professional having 4+ years of experience in analyzing, visualizing different real time datasets based on business requirements.



MEET EDDIE LIM – RT ASEAN's NEW COO

Prepared By: Eddie Lim

Eddie has more than 18 years of experience in the financial services regulatory sector and extensive knowledge of the Singapore market.

Prior to joining RT LLP and RT Group of Companies, Eddie has worked in the Regulatory and Compliance practices at several major accounting and professional services firms across APAC Region.

He possesses strong technical skills in Singapore regulations and guidelines such as the Banking Act, Securities and Futures Act, Financial Advisers Act, Know-Your-Customers (KYC) and Anti-Money Laundering (AML) requirements. With these skills, he has successfully served Clients from Government agencies, MNCs, and local and overseas SMEs. Eddie also has extensive experience working with Chinese firms. He has worked closely with several Chinese firms and developed a close working relationship with them.

In one of his previous appointments, he was the Compliance Officer for the Corporate Finance arm of a professional services firm and at the same time served as the deputy head.

Eddie is now serving as the Chief Operating Officer (COO) for RT ASEAN. In this capacity, Eddie is responsible for business development, membership relationship and will project manage RT ASEAN's cross border engagements. Apart from his role in RT ASEAN, Eddie is also spearheading the Risk Management & Business Solutions services for the RT Group.

Interested to join RT ASEAN? Speak to Eddie at +65 9834 9988 or drop him an email at eddie.lim@rtasean.com

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RT ASEAN Network is the first Singapore branded and headquartered regional network of multi-disciplinary professionals with presence in large parts of ASEAN, Asia and other parts of the world.

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