Norges Bank Investment Management

Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

Date: 11.12.25

Re: MAS Public Consultation Paper P015-2025 on Measures to Enhance Investor Recourse Avenues in Market Misconduct Cases

We refer to the invitation from the Monetary Authority of Singapore (MAS) to comment on the consultation paper on proposed enhancements to strengthen the investor recourse regime. We appreciate the opportunity to provide feedback as MAS considers how to enhance shareholder protections in market misconduct cases.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with SGD 2.46 trillion invested in 62 countries as of 30 June 2025, of which SGD 7.91 billion was invested in the shares of 65 Singapore Exchange-listed companies.

As an investor with around 70 percent of our holdings in listed equity, we depend on thriving public markets that foster long-term economic value creation. Robust minority shareholder protections and investor recovery frameworks are fundamental to well-functioning and resilient public markets; they facilitate fair treatment of all shareholders, transparent and timely disclosures, and deter market misconduct and fraud.

We therefore welcome these measures to enhance investor recourse in market misconduct cases. Whilst the measures are intended for retail investors, the effective investor protection and recovery framework they establish ultimately strengthens market integrity, which benefits long-term institutional investors like us. We particularly welcome the openness to participation by institutional investors in investor groups with designated representatives.

Please find in the annex our responses to the consultation questions. We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely

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Signed by:
Jeanne Stampe
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Carine Smith Ihenacho
Chief Governance and Compliance Officer

Jeanne Stampe
Lead Policy Advisor

Norges Bank Investment Management
is a part of Norges Bank – the Central Bank of Norway

Postal address
P.O. Box 0179 Sentrum,
NO-0107 Oslo

Visiting address
Bankplassen 2,
Oslo

Tel: +47 24 07 30 00
Fax: +47 24 07 30 01
www.nbim.no

Registration of Business Enterprises
NO 937 884 117 MVA

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Annex: NBIM Responses

Question 1. MAS seeks views on its proposal to allow a designated representative to bring legal action on behalf of the investors for market misconduct cases.

We support this proposal which addresses a genuine structural barrier to investor recourse. As MAS correctly identifies, affected investors often lack the means to identify and contact fellow investors, and there may not be individuals willing, able, or sufficiently trusted to assume the lead claimant role. This creates a collective action problem that undermines the practical utility of existing legal remedies.

Any relevant legislation should specify what powers the proposed representative will hold relative to the represented investors, and, specifically, whether its actions will be binding on the investor group it represents, absent those investors opting out. We believe that the binding effect of representatives' actions may significantly ease the administrative burden retail investors face in participating in collective redress and lower fragmentation.

MAS should further clarify which body will distribute the funds once there is a recovery. In particular, in groups involving a large number of investors alleging losses over a period of time, there should be clear framework on how the recoveries will be allocated and distribution administered, by whom and with what safeguards.

MAS could pre-select or establish an investor organisation to serve as such representative to ease retail investors' burden in finding a sufficient number of other investors and negotiating arrangements with the proposed representative. For example, MAS may wish to establish a Singapore equivalent to the Taiwan Securities and Futures Investor Protection Centre (SFIPC) which was set up under the Securities Investors and Futures Traders Protection Act . The SFIPC is empowered to initiate legal action on behalf of investors and as a shareholder of all companies listed on Taiwan Stock Exchange and Taipei Exchange, attends shareholders' meetings and sends formal inquiry letters raising questions on shareholder rights and transparency. This institutional model has proven effective in strengthening corporate governance and investor protection across the market.[1]

The investor association in the Netherlands has achieved significant recoveries for retail and institutional investors. The representative regime in Australia and Canada established a balanced and well-functioning opt-out representative recovery framework. The lead plaintiff class action framework in the US, coupled with strict pleading requirements and other procedural safeguards against frivolous litigation, similarly provides an efficient and robust recovery and deterrent structure to enhance market integrity. A Singapore equivalent should explicitly permit foreign and institutional investor participation, consistent with Singapore Exchange's objective of attracting international capital.

Question 2. MAS seeks views on the three key criteria for the approval of a designated representative

[1] Securities and Futures Investors Protection Center Annual Report 2024.From its formation up to year-end 2024, the SFIPC has assisted investors in filing over 300 class action litigations, with claim amounts exceeding NT$79.9 billion (SGD 3.33 billion) on behalf of over 185,600 claimants. The courts have rendered decisions representing total or partial victories for claimants in 83 cases, requiring defendants to assume liabilities exceeding NT$32.4 billion (SGD1.35 billion) in compensation.

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We support the three proposed criteria, subject to comments above, but recommend strengthening them, particularly regarding conflicts of interest and funding sources.

On the first criterion (sufficient number of affected investors consenting to the representative)

We support MAS's approach of allowing the approval authority discretion rather than setting a fixed numerical threshold, which may be inappropriate for cases with a small retail investor base but potentially large losses and/or a case involving significant market misconduct. We note that should MAS designate and/or create an investor organisation empowered to bring representative claims, the issue of whether the proposed case has a critical mass may be easier to assess by such specially designated organisation.

On the second criterion (no conflicts of interest)

We recommend that the second criterion is strengthened beyond the current proposal. The requirement should extend beyond relationships with the specific wrongdoer to include:

- **Funding sources:** The designated representative should not receive any funding from listed issuers, not just the specific wrongdoer. If a specially designated organisation is set up, it could receive annual fees from foreign and institutional shareholders, as well as a low level of membership fees from retail investors. We note the SFIPC is funded by monthly mandatory contributions from exchanges, securities firms, and futures firms to maintain independence.
- **Non-financial connections with listed issuers:** Organisations that operate programmes that train or recognise good practices by issuers or corporate leaders may face conflicts when those same parties become defendants.
- **Board and governance positions:** Individuals in leadership positions at the designated representative should not hold directorships or advisory positions with any listed issuers.

On the third criterion (fee arrangements)

Rather than prohibiting contingency or conditional fees outright, MAS could adopt calibrated fee caps that incentivise law firms to pursue reasonable maximum settlements while remaining attractive to top-tier firms. This would drive a higher value of settlements, enabling the grant scheme to become self-sustaining over time. Retail investors would be put on a more level playing field with defendants who are often very well represented especially in complex global fraud schemes.

Multiple legal safeguards exist to prevent speculative claims without undermining necessary funding mechanisms and incentives. These include strict pleading and evidentiary requirements, adverse costs orders, and sanctions for frivolous claims. A transparent fee structure, pre-agreed with investors, would appropriately balance compensation for representative services against the risk of actions driven primarily by speculative gain.

Absent the creation of a specially designated investor organisation, we recommend that MAS pre-select multiple bodies for the role of designated representative to ensure choice and competition in serving investors' interests. These representatives should be subject to clear governance structures with appropriate oversight from MAS.

Question 3. MAS seeks views on providing funding support to retail investors seeking collective civil action for alleged market misconduct.

We strongly support establishing a grant scheme to co-fund meritorious investor actions, subject to

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appropriate safeguards. High litigation costs and resource asymmetry between retail investors and issuers represent genuine barriers to effective recourse, even where claims have merit. We agree with MAS that robust safeguards are essential to prevent opportunistic litigation. Requiring a legal opinion from a pre-approved panel of law firms to assess case viability is a sensible screening mechanism.

Question 4. MAS seeks views on the proposed grant parameters and any other grant parameter which will support the objectives of the grant scheme.

We support the inclusion of eligibility criteria, but offer the following observations on the type of criteria and implementation.

On qualifying investors

The proposal to require some thresholds for grant eligibility is reasonable. We support granting the Approval Panel discretion to adjust this threshold where the retail investor base is legitimately small. Rather than using 50 or another number of investors as the sole criterion, we suggest an alternative test: eligibility should be established where either (a) a minimum number of affected investors, or (b) investors incurred substantial losses or (c) the conduct was particularly egregious. We believe that the threshold of 50 investors may be too high; other international regimes treat a lower number of investors as sufficient or do not impose thresholds.

We understand the rationale for consolidating claims from investor groups with similar interests to optimise grant resources. Clear and transparent criteria for assessing differentiation of interests would support appropriate consolidation decisions.

We note that institutional investors may participate in these groups but would not count toward the minimum threshold. This is appropriate given the scheme's focus on retail investor protection. That said, institutional investors can bring valuable resources and expertise to collective actions, and we strongly support facilitating their participation in consolidated actions. While institutional investors typically have greater resources to pursue their own cases, individual actions in significant market events may be prohibitively expensive or unjustified relative to the loss suffered. Consolidated actions between retail and institutional investors will help decrease overall legal costs for investors and defendants, and lead to less case fragmentation, consistency of legal outcomes, judicial efficiency and legal and regulatory predictability which are valued by investors and companies alike.

On qualifying cases

The limitation to actions for alleged market misconduct under the SFA is understandable at this initial proposal. Nonetheless, we believe that inclusion of fiduciary duty claims and minority shareholders' compensation in certain business combinations should be considered in the future to ensure that markets function properly. We agree with the provision of a legal opinion, for which initial funding will be provided, to ensure only legally meritorious cases are funded by the grant.

On qualifying costs

The proposed scope of qualifying costs is comprehensive and appropriate. We particularly support the inclusion of:

- Initial funding for obtaining a legal opinion to assess case viability.
- Coverage of potential adverse cost orders if actions prove unsuccessful.

The latter is particularly important as the risk of high adverse cost orders can deter even meritorious claims. We also suggest that MAS sets caps on adverse cost orders to ensure that only reasonable

costs are reimbursed. Where the designated representative is responsible for distributing funds following a recovery, related administrative and funds transfer fees should be included under qualifying costs.

The proposal for case-by-case caps determined by the Approval Panel is sensible given the variability in case complexity. Requiring firms to be drawn from a pre-approved panel provides appropriate cost control and regulatory oversight. That said, the panel should be sufficiently large to ensure investors have access to highly qualified legal practitioners and any related legislation should specify that the caps can be increased should the initial estimate not be sufficient as the case develops.

To preserve effective representation, MAS could limit the number of panel firms permitted to act for defendants—for example, limiting this to two firms or a proportion of the panel. While MAS cannot restrict which external counsel a defendant may engage, preventing defendants from retaining multiple panel firms would reduce the risk of qualified plaintiff-side representation being conflicted out.

Question 5. MAS seeks views on whether a participation fee of $200 and $500 per investor for piggyback action and independent action respectively would be appropriate.

We are concerned that participation fees proposed by MAS may discourage retail investors from participating. MAS may consider (1) low annual fees to participate in the recovery framework or (2) deduction of a small fee after the recovery is achieved to the extent sufficient funds are recovered.

Should MAS decide to proceed with upfront fixed participation fee, we believe that $500 may be too high considering that recoveries in these cases are typically small in absolute terms for retail investors. In addition, MAS should clarify whether such upfront fees would be reimbursed if the case results in no recovery. MAS could set a higher upfront participation fee or other financing arrangements for institutional investors joining the group process.

Question 6. MAS seeks views on whether the grant scheme should seek to recover the grant amount dispensed from the total compensation successfully awarded, before allowing the balance to be distributed to the participating investors.

We support a recovery mechanism in principle, which would enhance the grant scheme's sustainability by enabling successful claimants to contribute to funding future meritorious actions. MAS could explore other funding mechanisms, such as the inclusion of a recovery funding fee in market transactions. Any grant recovery should be limited to ensure that participating investors receive at minimum a specified percentage of the recovery to maintain confidence in the scheme.

We strongly endorse MAS's proposed safeguard that investors should not be disadvantaged by participating and should receive sufficient compensation to at least recover their participation fees.

Question 7. MAS seeks views on the proposed governance arrangements for the grant scheme.

We support establishing an independent Approval Panel comprising legal academics, industry professionals, lawyers, professional litigation funders, and/or retired judges. Both independence and expertise are essential for credible decision-making. We recommend the following governance safeguards:

- **Conflict management:** Panel members should have no current relationships with potential defendants or their legal advisors. Practising lawyers should recuse themselves from cases involving parties with whom they or their law firms have relationships.
- **Transparency:** The Panel should publish annual reports covering applications received, approved, and rejected, together with aggregate outcomes of funded cases.
- **Clear criteria:** Published criteria for assessing legal merit and reasonable likelihood of success would enhance predictability and confidence in the scheme.

Question 8. MAS seeks views on the proposal to expand the piggyback provision to allow investors to file compensation claims by riding on civil penalty settlements, default judgments and consent orders, which contain an admission or finding on the wrongdoer's liability.

We support this proposal. The current exclusion of civil penalty settlements, default judgments, and consent orders from the piggyback provision significantly constrains its utility. As MAS notes, civil penalty settlements are an important resolution mechanism, and substantial regulatory resources are expended investigating cases that reach such outcomes.

For the piggyback provision to be practically useful, it should capture the full range of enforcement outcomes where wrongdoing has been established or admitted. Given MAS's general practice of obtaining admissions of liability in settlements, extending the provision to such cases is logical and appropriate.

Question 9. MAS seeks views on the proposal to simplify the process for investors to use the piggyback provision.

We support process simplification and welcome MAS's intention to publish a guidance note. The current procedural requirements under Order 61 of the Rules of Court 2021—applications to Court, advertising, affidavits, and hearings—represent meaningful obstacles for retail and institutional investors. Template forms and affidavits would reduce both the complexity and cost of pursuing piggyback actions. The proposed guidance note is essential for accessibility. Many investors may be unaware of this avenue for recourse.

Question 10. MAS seeks views on the proposal to facilitate proof of reliance by investors in cases of misstatements or omissions in relation to the trading of capital markets products.

We support this proposal as addressing a significant practical barrier to investor claims. The requirement under Section 234(1A) of the SFA for investors to establish that they traded "in reliance on the misstatement or in ignorance of the omitted fact" creates a substantial evidentiary burden. This is particularly challenging in securities markets where trading decisions are influenced by multiple factors and investors may not document their specific reliance on particular statements.

Question 11. MAS seeks views on the proposed mechanics by which proof of reliance may be facilitated, such as by providing that proof of certain matters is sufficient to demonstrate the requisite reliance or ignorance.

The proposed matters that may be deemed sufficient to establish reliance are reasonable:

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- **That the misstatement is made to investors or is publicly known** — this establishes the necessary communication of the false information to the market.
- **That the misstatement had a material influence on price** — this connects the misstatement to economic harm suffered by investors.
- **That the misstatement had a material influence on trading behaviour** — this establishes the causal link between the misstatement and the investor's decision.

MAS may wish to consider, subject to the SFA, how regulators could help investors overcome the information asymmetry that currently impedes their ability to establish claims. We note that Taiwan's Securities and Futures Investor Protection Act empowers SFIPC to compel relevant institutions and defendants to provide documents and assistance needed for litigation or arbitration—a provision that serves as an essential discovery mechanism.

Question 12. MAS seeks views on the proposal to remove the statutory cap on compensation for all market misconduct offences, and for the Court to determine compensation amounts on a case-by-case basis.

We support removing the statutory cap. The current limitation – restricting compensation to the profit gained or loss avoided by the wrongdoer - creates an arbitrary ceiling that may bear no relationship to actual investor losses. This is problematic where the wrongdoer's profit is modest relative to harm caused, where proving the wrongdoer's profit is difficult, or where investor losses extend to hedging costs and portfolio rebalancing effects etc. not captured by the current measure.

As MAS notes, this cap may discourage investors from bringing actions, particularly where proving actual profit or avoided loss is difficult. Giving the Court flexibility to determine reasonable compensation on a case-by-case basis aligns with general principles of civil damages and permits consideration of investor losses, the nature of the misconduct, and the culpability of the wrongdoer.

From a deterrence perspective, removing the cap strengthens compliance incentives. Where wrongdoers can limit exposure to profit gained or loss avoided, the expected cost of misconduct may be insufficient to deter behaviour harming large numbers of investors. Higher compensation to reflect the size and nature of the misconduct enhances the deterrence effect.

MAS may wish to clarify whether these measures will address companies with secondary listings in Singapore, which form a notable proportion of Singapore Exchange-listed issuers. It would be helpful to elaborate how investor groups under this scheme will be supported on areas such as assessment of legal damages, access to evidence, and allocation and distribution of any recoveries.

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