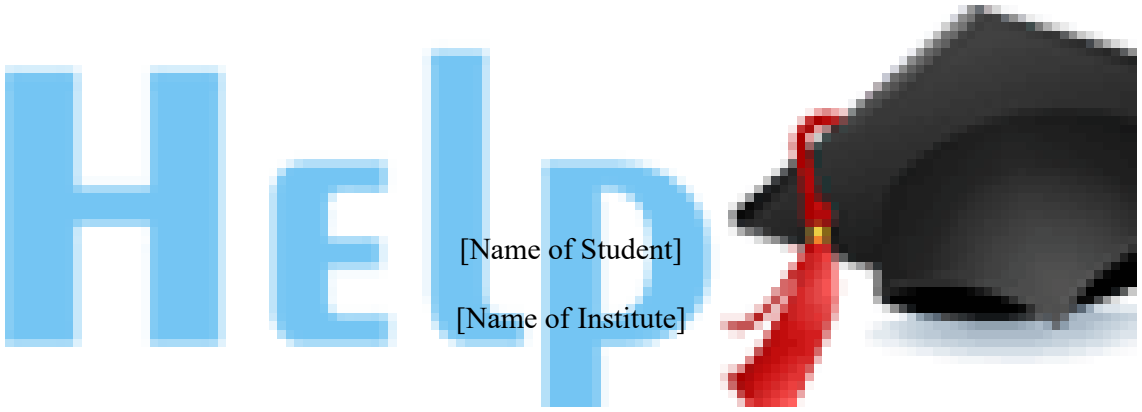

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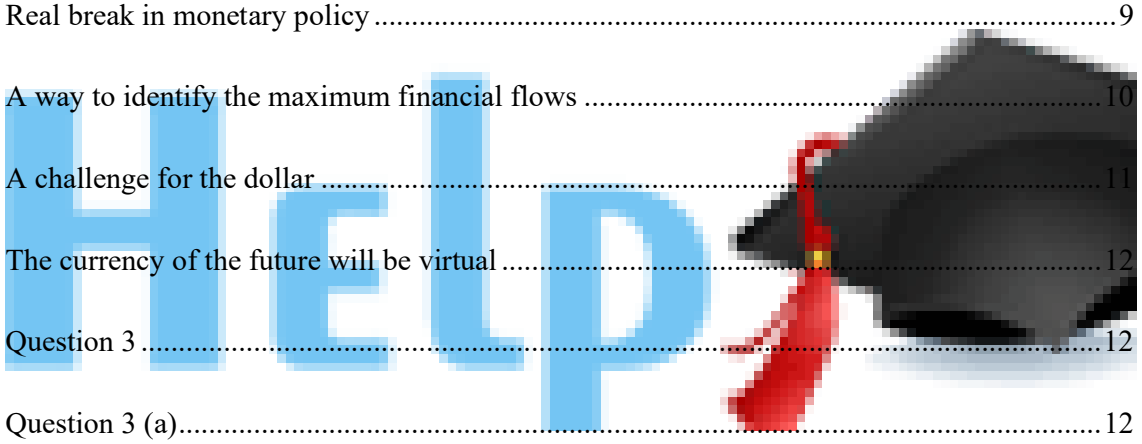
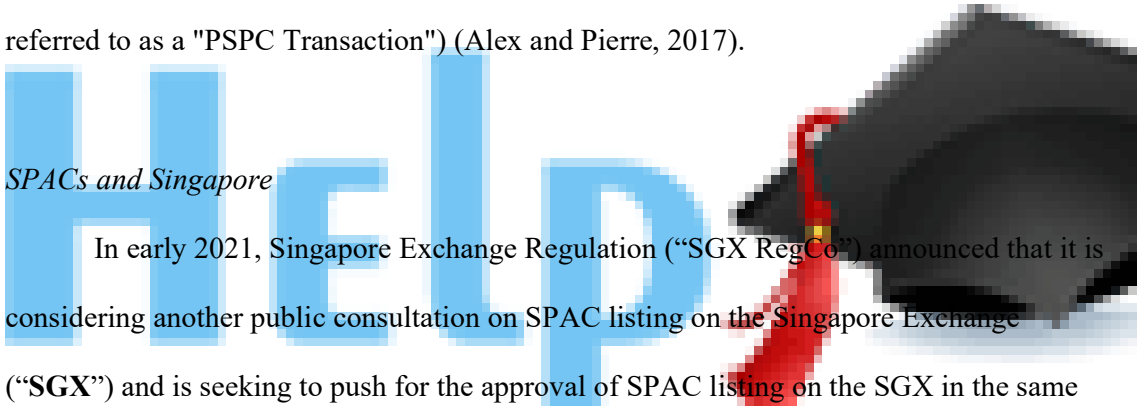


Question 1

Question 1 (a)

A Special Purpose Securities Acquisition Company (SPAC) is a company established for the purpose of raising capital through an initial public offering ("IPO"). It is a blank-cheque company where the proceeds of the IPO will be used for the purpose of acquiring private companies or assets that are only identified after the IPO. This allows retail investors to participate in investments typically only available to private equity funds. Private companies typically acquire SPACs through reverse mergers, and the current shareholders of the target operator are the majority shareholders of the remaining company. The end result is that what was once a private company becomes a publicly traded company (sometimes referred to as a "PSPC Transaction") (Alex and Pierre, 2017).



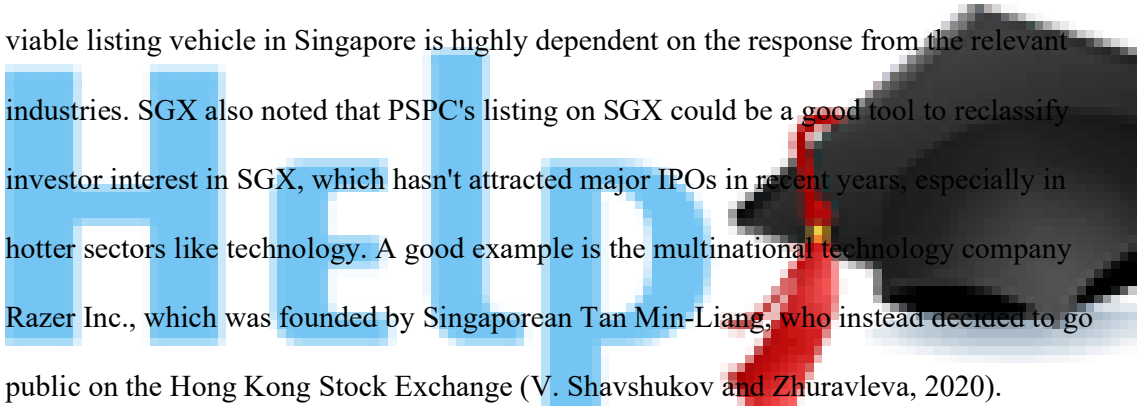
SPACs and Singapore

In early 2021, Singapore Exchange Regulation ("SGX RegCo") announced that it is considering another public consultation on SPAC listing on the Singapore Exchange ("**SGX**") and is seeking to push for the approval of SPAC listing on the SGX in the same year. It should be noted that SPACs are not a new concept in Singapore, as the SGX has previously consulted the public on it over a decade ago (Frieden, 2016).

In a consultation on SPAC listing in January 2010, the SGX defined a SPAC as "a company with no prior operating history that raises capital through an initial public offering to enter into future undetermined business combinations". He previously outlined the proposed criteria for SPAC registration once it has reached a minimum market capitalization of S $ 150 million based on the offering price of the IPO and issued share capital upon invitation. SGX also recommended that at least 95% of the proceeds from the IPO be placed in escrow to protect the money, which is PSPC's only asset. This is similar to the escrow

account required by the US Securities and Exchange Commission. In addition, SGX recommended that an upper limit be imposed on the ownership interests granted to the original SPAC shareholders without a capital injection equal to the public shareholders. Given that the equity interest given to the SPAC's founding shareholder is akin to payment before performance (regardless of how well the target company acquired by the SPAC performs), this requirement serves to protect the interests of retail investors.

While there has been no substantial progress on the matter following the previous public consultation on SPACs in 2010, the current proposed public consultation on SPAC listing on the SGX could potentially determine its viability here once and for all. In an announcement early this year, the SGX noted that how quickly SPACs can be deemed a viable listing vehicle in Singapore is highly dependent on the response from the relevant industries. SGX also noted that PSPC's listing on SGX could be a good tool to reclassify investor interest in SGX, which hasn't attracted major IPOs in recent years, especially in hotter sectors like technology. A good example is the multinational technology company Razer Inc., which was founded by Singaporean Tan Min-Liang, who instead decided to go public on the Hong Kong Stock Exchange (V. Shavshukov and Zhuravleva, 2020).



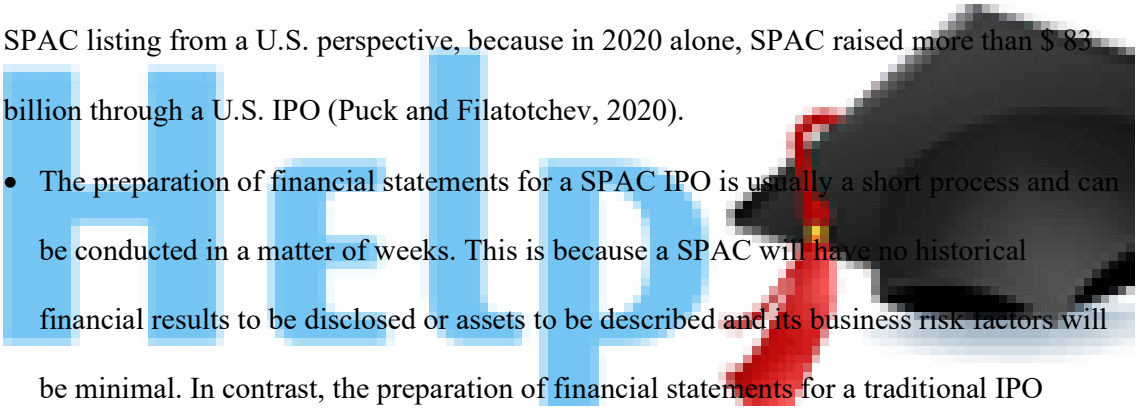
There are several SPACs based in Singapore which have proceeded to list on other exchanges. SPACs like SC Health Corporation, Aspirational Consumer Lifestyle Corp., and Tiga Acquisition Corp. have successfully listed on the NYSE. Furthermore, there appears to be an emerging trend of established private companies considering going public through mergers with listed SPACs. For example, companies like South-east Asian ride-hailing and delivery giant Grab Holdings and Indonesian tech unicorn Traveloka have already hired JPMorgan Chase & Co to explore the possibility of going public through mergers with NYSE-listed SPACs. These mergers between huge regional market players and the listed SPAC would only serve to benefit the market that the SPAC is listed in. As such, the

introduction of SPAC listing on the SGX could be a big step forward for the Singapore market if it could help entice sponsors to list their Singapore-based SPAC or company on the SGX.

Ultimately, while much is left to be determined by the impending public consultation, appropriate frameworks and processes will be required for this development to be well received by investors (Bernards and Campbell-Verduyn, 2019).

A typical listing process from a US perspective

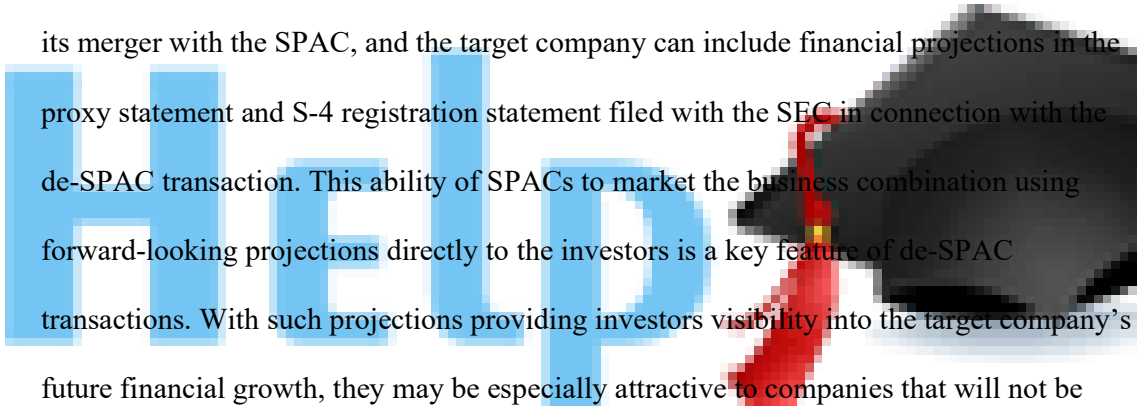
As compared to the IPO of a regular company ("traditional IPO"), the IPO of a SPAC ("SPAC IPO") can be relatively quick. Let's look at a comparison of traditional listing and SPAC listing from a U.S. perspective, because in 2020 alone, SPAC raised more than $ 83 billion through a U.S. IPO (Puck and Filatotchev, 2020).



- The preparation of financial statements for a SPAC IPO is usually a short process and can be conducted in a matter of weeks. This is because a SPAC will have no historical financial results to be disclosed or assets to be described and its business risk factors will be minimal. In contrast, the preparation of financial statements for a traditional IPO involves a lengthier process of up to a few months depending on the amount of historical financial results to be disclosed or assets to be described.
- A SPAC IPO can take as little as eight weeks to complete while a traditional IPO will typically take between four to six months, with more complex ones taking up to a year.
- A SPAC IPO has a typical underwriting discount structure of 2% of the gross proceeds to be paid at the closing of the SPAC IPO, with another 3.5% deposited into a trust account and payable to the underwriters on closing of the de-SPAC transaction. If no de-SPAC transaction occurs, the deferred 3.5% discount will not be paid to the underwriters and is used with the rest of the funds raised in the SPAC IPO to redeem the public shares. In

contrast, a traditional IPO underwriter typically receives a discount of 5% to 7% of the gross IPO proceeds which they withhold from the proceeds that are delivered at closing.

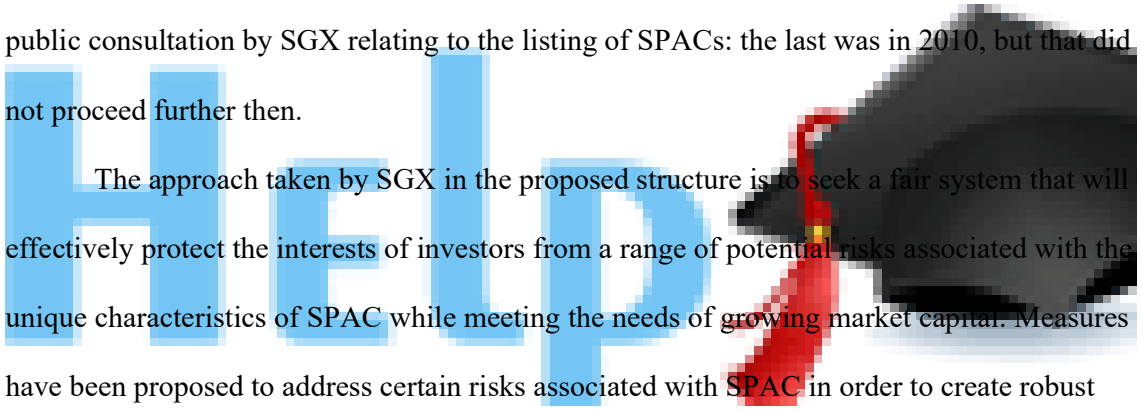
- In a traditional IPO, only historical financial statements can be disclosed under securities laws rules. Companies typically do not include financial projections in a registration statement and related prospectus for an IPO because of the liability risks associated with such disclosures. In particular, the safe harbour for forward-looking statements under the Private Securities Litigation Reform Act ("PSLRA") that generally applies to statements made by SEC registrants expressly does not apply to statements "made in connection with initial public offering[s]." The same constraints do not apply to de-SPAC transactions. In a de-SPAC transaction, the target company becomes a publicly-traded company by virtue of its merger with the SPAC, and the target company can include financial projections in the proxy statement and S-4 registration statement filed with the SEC in connection with the de-SPAC transaction. This ability of SPACs to market the business combination using forward-looking projections directly to the investors is a key feature of de-SPAC transactions. With such projections providing investors visibility into the target company's future financial growth, they may be especially attractive to companies that will not be profitable for a few years. Assuming that forecasts in the context of PSPC transactions are defined as a forecast and are accompanied by sensible disclaimers, PSSRA Safe Harbour protects forecasts for forward-looking statements.
- A public initial offer by SPAC usually has a normal shutdown period of up to one year after the conclusion of the SPAC transaction, but this period can usually be ended early if the share is traded 20 days above the fixed price of 30, starting 150 days after the end of de-SPAC operation. Conversely, in a traditional IPO, the sponsor, directors and officers of the operating company often sign an agreement to freeze the price of a traditional IPO for 180 days (Aris and Snetkov, 2021).



- However, like a traditional IPO, the PSPC IPO must have a majority of independent directors in accordance with the listing requirements after a gradual transition period of 12 months from the date of listing. The same phase-in exceptions that generally apply to newly listed foreign private issuers, controlled companies and limited partnerships could also apply to a SPAC IPO to exempt the SPAC from the majority independent board and most other corporate governance requirements.

Question 1 (b)

The Singapore Exchange (SGX) recently asked the market to comment on a proposed regulatory framework for including PSPC on an SGX motherboard. This is not the first public consultation by SGX relating to the listing of SPACs: the last was in 2010, but that did not proceed further then.

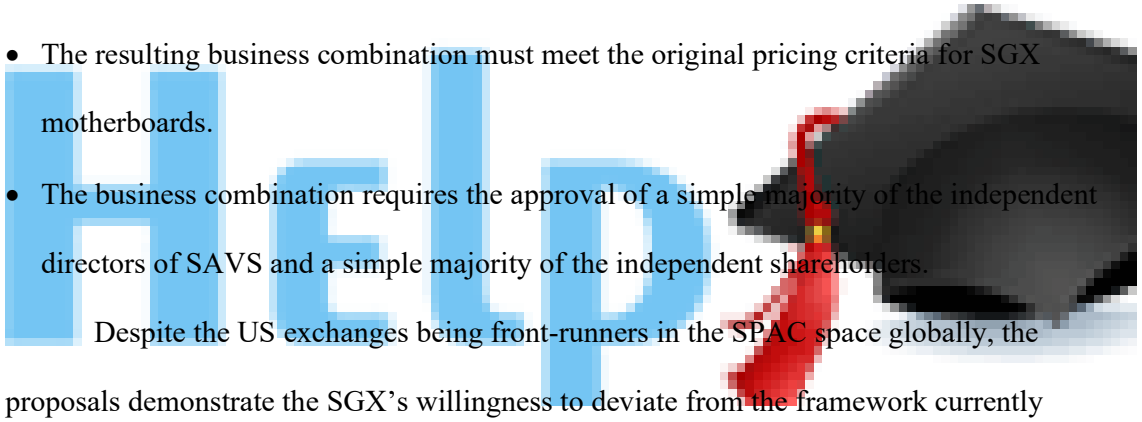


The approach taken by SGX in the proposed structure is to seek a fair system that will effectively protect the interests of investors from a range of potential risks associated with the unique characteristics of SPAC while meeting the needs of growing market capital. Measures have been proposed to address certain risks associated with SPAC in order to create robust rating mechanisms that expand investor choice and result in successful business combinations that create value for their shareholders.

Some safeguards and applicable criteria proposed by the SGX for SPAC listings include the following (Warren, 2020):

- The minimum market capitalization of a company must be S $ 300 million and at least 25% of the total issued shares must be owned by at least 500 public shareholders at the time of the IPO.
- The minimum price for the IPO must be S $ 10 per share.

- At least 90% of the proceeds from the IPO must be repaid until the target company is found.
- The minimum capital must be determined by the original shareholders or management at the time of the IPO.
- There should be a moratorium on ownership of assets by important parties, such as the creation and control of shareholders.
- A three-year authorization period from the date of the IPO is required to complete the business combination.
- The business combination must have at least one material asset with a market value of at least 80% of the gross proceeds from the failed IPO.
- The resulting business combination must meet the original pricing criteria for SGX motherboards.
- The business combination requires the approval of a simple majority of the independent directors of SAVS and a simple majority of the independent shareholders.



Despite the US exchanges being front-runners in the SPAC space globally, the proposals demonstrate the SGX's willingness to deviate from the framework currently adopted in the US where it views necessary. Some criteria proposed by the SGX are indeed more stringent than the current US requirements. Such an approach to mitigate risks arising from SPACs as seen in the US and to protect the interests of sponsors and investors is commendable.

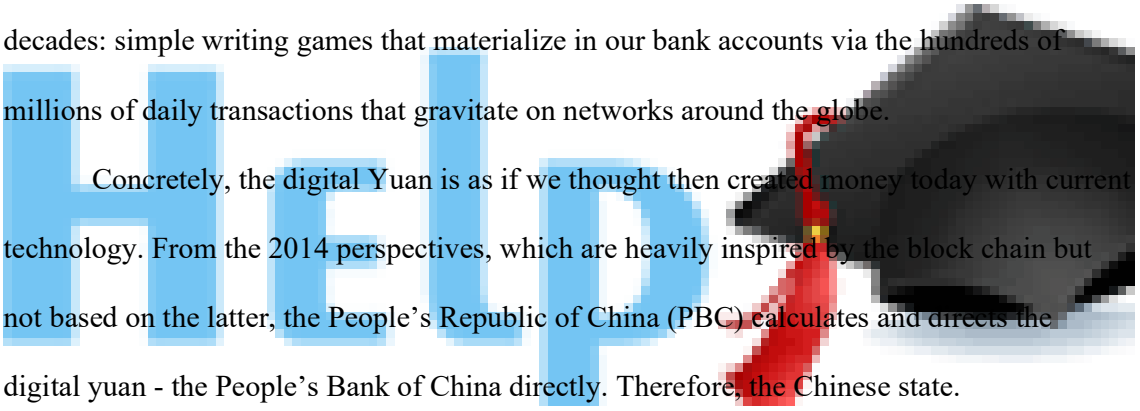
It will be interesting to see the final structure and rules of the PSPC, which SGX will eventually adopt and implement after public comment. More importantly, the extent to which market participants, regional entrepreneurs and investors accept Singapore SPAC listings as viable and attractive listing structures should be noted if that happens. As the saying goes, the proof is in the pudding.

Question 2

China's progress on the short-term deployment of a digital currency is not trivial and should challenge us. Apart from a few interesting articles, like those of the Wall Street Journal and Forbes, the media coverage of the Chinese advances is currently very poor in the West, wrongly. The digital Yuan is certainly still in the testing phase, but it is necessary to start now to reflect on its possible implications (Abraham, Nag and Ray, 2020)

The e-CNY or the Digital Yuan: a new kind of subversive tool

At first glance, digital currency doesn't really look new. Money has been virtual for decades: simple writing games that materialize in our bank accounts via the hundreds of millions of daily transactions that gravitate on networks around the globe.



Concretely, the digital Yuan is as if we thought then created money today with current technology. From the 2014 perspectives, which are heavily inspired by the block chain but not based on the latter, the People's Republic of China (PBC) calculates and directs the digital yuan - the People's Bank of China directly. Therefore, the Chinese state.

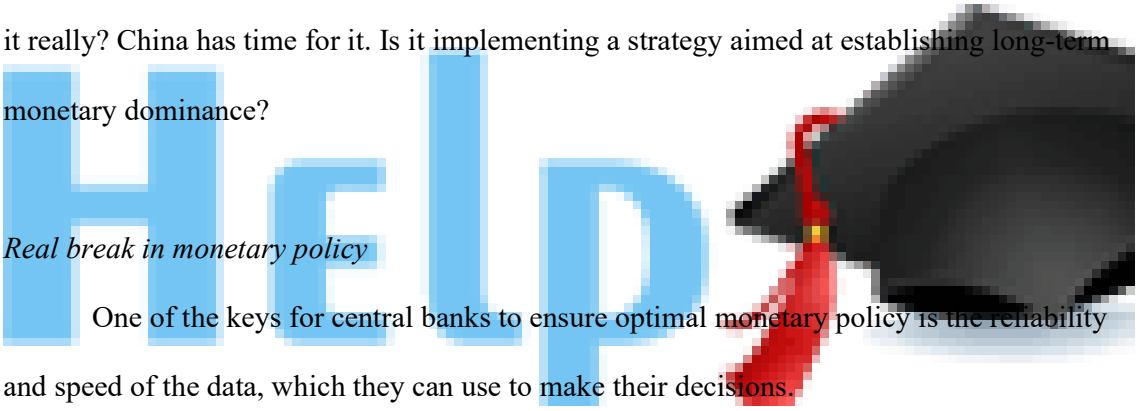
The entire system is centralized, secured and tuned to music via PBOC, with full access to all accounts and transactions in real time. Completing a transaction apparently does not require internet access for the customer. BPOC should rely on banks for the distribution of accounts; on the other hand, the access of the banks to the data will be more or less limited.

A joint venture with the largest interbank network, SWIFT, has just been launched to create interoperability with the global financial system. China has also created a parallel network, the CIPS, mainly used in its new Silk Roads.

The digital Yuan is currently being tested in several cities in China. For the record, it is reported that traders were kindly forced to participate in the tests and that American giants, such as Starbucks or McDonald's, were also invited (Filatotchev, Poulsen and Bell, 2019).

The official goal of the digital Yuan, according to the South China Morning Post, is to replace banknotes and coins, reduce interest in cryptocurrencies (officially banned from China since 2013) and complete the payment systems offered. by private sector players like Alipay or WeChat. But also, according to Mu Changchun, the director of digital currency research at the PBOC, to provide a redundant payment system for businesses.

Officially, the ambition is noble, innocent, even simplistic. But knowing that the majority of payments in China are already done, and have been for years, via mobile, what is it really? China has time for it. Is it implementing a strategy aimed at establishing long-term monetary dominance?



Real break in monetary policy

One of the keys for central banks to ensure optimal monetary policy is the reliability and speed of the data, which they can use to make their decisions.

The digital Yuan is a complete paradigm shift for the Chinese central bank, a real break in the possibilities of monetary policy. It is a real-time and complete view of all transactions and financial flows. The impact of a decision can be monitored down to the second. The dream of every central banker.

Full digital centralization of money can also allow instantaneousness of all transactions at virtually zero cost to users. Removing all friction and costs from payments can have a major impact on the velocity of money and on the entire economic dynamics.

Finally, one of the most important points of this virtual currency is that it is programmable. This is a fairly new concept for a currency, but it could allow automatic behaviours parameterized according to arbitrary criteria, for example (Fichtner, 2017):

- . Instant distribution to all accounts of a sum with an expiration date.
- . Negative interest algorithm on accounts where money does not circulate.
- . Automatic or forced debit via arbitrary conditions.
- . Full-scale monetary tests in an automated and targeted manner to a category of individuals or a territory.
- . Reinforced and automatic control of all transactions.

The digital Yuan will give China monetary policy superpowers. Will this turn into a major comparative advantage for its competitiveness over its global competitors?

A way to identify the maximum financial flows

One of the most fundamental implications of the digital yuan will be for the Chinese people and for Chinese companies. For them, it will be the equivalent of giving the keys to the safe to the Chinese government!

The takeover of local giants like Alibaba and Tencent is underway. Indeed, these 2 giants have the two most used payment applications AliPay and WeChat Pay. China is asking for more visibility and control over these applications. Alibaba, for example, has just received a fine of 2.8 billion dollars by the Chinese state. The digital Yuan is de facto calling into question these payment applications as well as their business model.

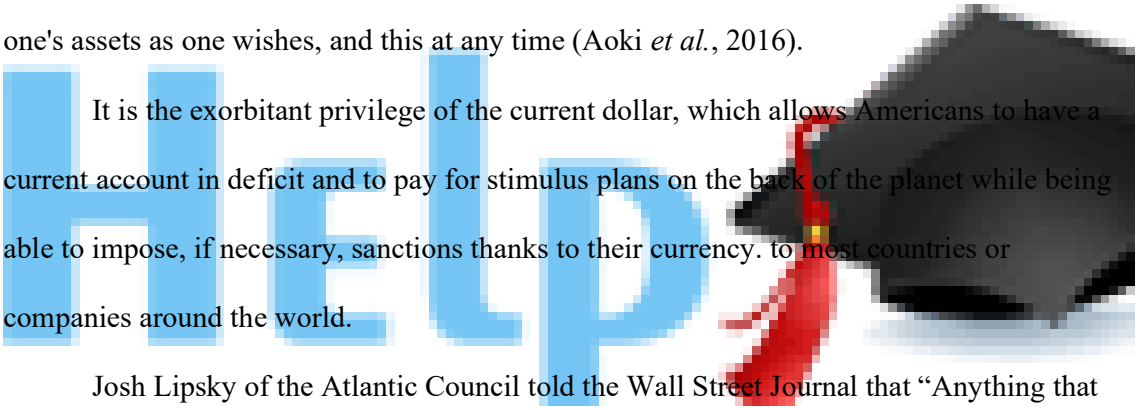
The programmable side of e-CNY even plunges us into a rather dystopian future for its users. We can automatically label all transactions and associate all accounts of the same individual, family, or company. Thus, at a moment T, the Chinese state will be able to know your financial assets, who you pay and especially who pays you. The good news is that the

drudgery of annual taxes will be a thing of the past: indeed, with this automation and knowledge, it will be easy for BPOC to collect taxes directly.

Exchange controls will be strengthened and if a company or someone disturbs them, confiscating their funds and / or denying them access to the financial system will be done in one click.

A challenge for the dollar

Nevertheless, this stranglehold on the currency and its users should potentially reassure us. Indeed, one of the conditions required for a currency to be adopted as a reserve currency is the confidence that one gives to it, the fact of knowing that one will be able to use one's assets as one wishes, and this at any time (Aoki *et al.*, 2016).



It is the exorbitant privilege of the current dollar, which allows Americans to have a current account in deficit and to pay for stimulus plans on the back of the planet while being able to impose, if necessary, sanctions thanks to their currency. to most countries or companies around the world.

Josh Lipsky of the Atlantic Council told the Wall Street Journal that "Anything that threatens the dollar is national security. The digital Yuan threatens the dollar in the long term". Describing this Chinese initiative as "a re-imagining of currency that could shake one of the pillars of American hegemony."

There is still a long way to go, as only 15% of trade with China is currently in yuan, largely due to currency controls and Beijing's tight capital inflows. So this is partly a Chinese decision, which could change at any time depending on the needs. Will all of China's partners have the choice if the latter asks them to switch from the dollar to the Yuan for their exchanges?

It is inevitable that in the decades to come, a China in search of hegemony will have to dissociate itself from the dollar and impose, too, a currency with a global vocation.

The currency of the future will be virtual

Money as we know it is in a phase of transition. Cryptocurrencies have surrounded us for over a decade already and reached a record global value in 2021, currently valuing over $ 2 trillion. Facebook still aims to launch Diem this year (ex-Libra).

In the medium term, the digital Yuan should strengthen Beijing's hold over its population and its economy. But also potentially, give it a comparative economic and monetary advantage.

Question 3

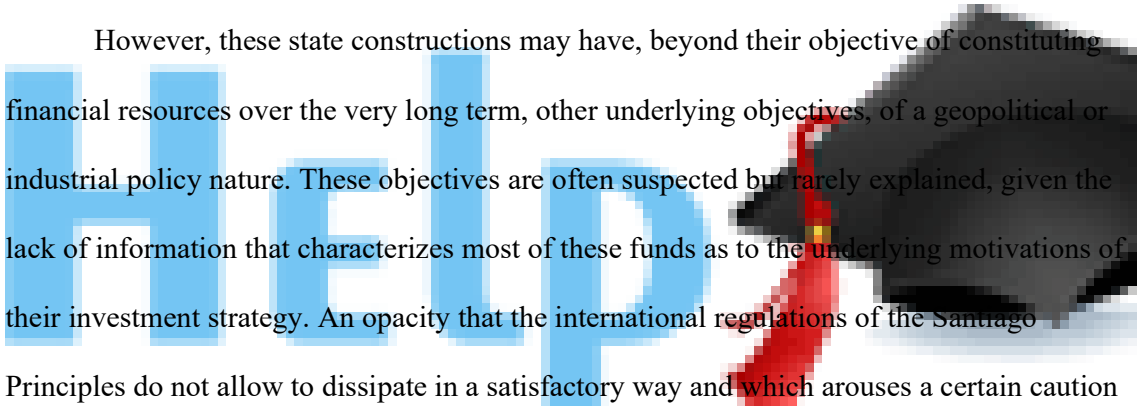
Question 3 (a)

Sovereign wealth funds now have outstanding amounts of around $ 7 trillion and give them a significant position as players in global finance. These outstanding continue to grow, even if the pace has slowed down, due to a sluggish economic context, changes in oil prices and a low interest rate environment; but at the same time, new sovereign funds continue to emerge (Kumar, 2019).

In fact, over the last twenty years, sovereign wealth funds have diversified considerably: initially stabilization funds launched by States wishing to limit the dependence of an economy based on the exploitation of an oil windfall, they can now also serve the objectives of diversifying sources of income, building up intergenerational savings or developing the national economy. This diversification of objectives has gone hand in hand with that of shareholder states, investment strategies (term, level of risk, location) and sources

of funding (revenue from the exploitation of a natural resource, trade surpluses, ad allocation. hoc and even debt).

In many respects, in their diversity, sovereign funds can be considered as ideal investors: they are present for the long term or very long term, and are increasingly focused on the private markets, on private equity transactions, real estate or infrastructure, so many socio-economically useful projects. Following the subprime crisis, they invested heavily in banks, allowing them to get through this difficult period; today they are interested in the technology business sector. Better still, some have undertaken in recent years to finance themselves in part on their national bond market, thus also helping to develop the local financial sector.



However, these state constructions may have, beyond their objective of constituting financial resources over the very long term, other underlying objectives, of a geopolitical or industrial policy nature. These objectives are often suspected but rarely explained, given the lack of information that characterizes most of these funds as to the underlying motivations of their investment strategy. An opacity that the international regulations of the Santiago Principles do not allow to dissipate in a satisfactory way and which arouses a certain caution on the part of the host countries: thus appeared so-called “counterpart” funds, such as CDC IC in France, which aim to both attract and channel the intervention of these funds by co-investing alongside them in the national economy.

The fact remains that sovereign wealth funds also help to pose essential questions on the financing of economies, in particular for Western States trapped in debt, on the one hand the capacity to generate very long-term financial resources and on the other hand, the importance of capital investment, including in private markets.

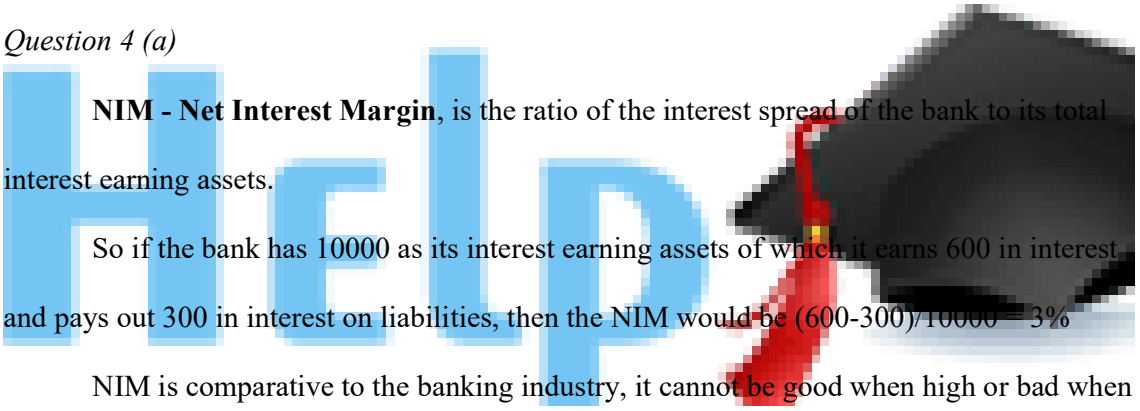
Question 3 (b)

If the sovereign wealth fund issuing 50-year bond, it will mean that it is trying to generate fund for the longer period of time and it will be trying to invest that money into growth of economy (V. M. Shavshukov and Zhuravleva, 2020)

The purpose of raising long term funds will be to support growth and enhance the stability in the economy and it will also try to raise funds in order to protect itself against financial downturn and other type of political turmoil as well as increase in unemployment rate.

Question 4

Question 4 (a)



NIM - Net Interest Margin, is the ratio of the interest spread of the bank to its total interest earning assets.

So if the bank has 10000 as its interest earning assets of which it earns 600 in interest and pays out 300 in interest on liabilities, then the NIM would be (600-300)/10000 = 3%

NIM is comparative to the banking industry, it cannot be good when high or bad when low and vice-a-versa.

NPL - Non Performing Loans are the portion of the loan assets which have not been yielding repayments and interest income for the bank. They need to be shown as non-accruals for the bank. These belong to those customers who have defaulted on the loan terms.

For a bank, lower the NPL, better it is for the bank.

CI - Cost/Income Ratio is the ratio of the bank's operating cost to its operating income. Lower the CI, better it is for the bank.

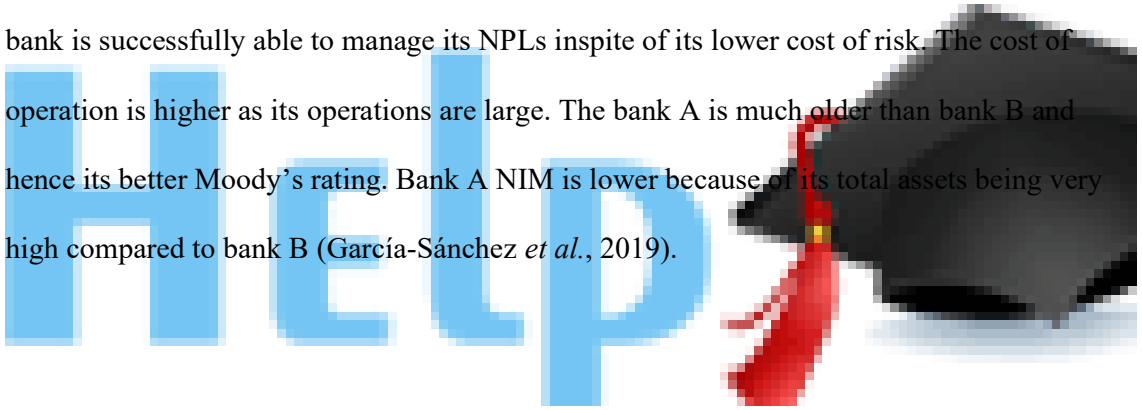
COR - Cost of Risk can be expressed in two perspectives, one for the bank to lend the funds and one for the investor into the bank.

The first one measures the expenditure of the bank for managing its overall risks, this includes credit risks, default risks, investment risk, market risk, etc. It is the ratio of the expenditure to the bank's total assets. Lower the cost of risks, better it is for the bank However, it must also be measured against the NPLs of the banks, if NPLs are too high and cost of risk is low, then the bank is not adequately managing its risks (Accominotti and Ugolini, 2019).

The second one is the investor's cost of mitigating the risk for investing into the bank.

Question 4 (b)

From the data given, clearly the bank A is stronger than bank B. It shows that the bank is successfully able to manage its NPLs inspite of its lower cost of risk. The cost of operation is higher as its operations are large. The bank A is much older than bank B and hence its better Moody's rating. Bank A NIM is lower because of its total assets being very high compared to bank B (García-Sánchez *et al.*, 2019).



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