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JOINT RELEASE OF POLICY PRINCIPLES FOR SOVEREIGN WEALTH
FUNDS AND COUNTRIES RECEIVING SOVEREIGN WEALTH FUND
INVESTMENT BY THE UNITED STATES, ABU DHABI AND
SINGAPORE

The United States, Abu Dhabi and Singapore have jointly released a set of Policy Principles for Sovereign Wealth Funds (SWFs) and countries receiving SWF investment. The Policy Principles are aimed at contributing to the work of the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) in developing voluntary best practices for SWFs and inward investment regimes in countries receiving investments, respectively.

The Policy Principles are appended in Annex A.

The joint release of the Policy Principles came after a meeting in Washington D.C. on 20 March 2008 between Mr Henry Paulson, Secretary of the US Treasury, Singapore's Minister for Finance Mr Tharman Shanmugaratnam and His Excellency Hamad al Hurr al Suwaidi, Member of Abu Dhabi Executive Council, to discuss issues pertaining to SWFs. Minister Tharman was accompanied by Dr Tony Tan Keng Yam, Deputy Chairman and Executive Director of the Government of Singapore Investment Corporation (GIC), as well as staff from the Ministry of Finance (MOF) and GIC.

SWFs will continue to grow in significance. As long term players with little or no leverage, they play a constructive and stabilising role in global financial markets. Singapore believes that an open investment environment is critical in a globalised economy and is in the interests of all parties. We will continue to contribute proactively to international efforts on developing voluntary best practices for SWFs and countries receiving investments.

MINISTRY OF FINANCE
21 March 2008

MINISTRY OF FINANCE
SINGAPORE



Sovereign wealth funds (SWFs) represent government-owned investment vehicles, funded by foreign exchange assets and commodity export receipts, etc., which invest internationally for financial objectives such as stabilisation and intergenerational savings.

The United States, Abu Dhabi, and Singapore, being a group of nations with SWFs and a country receiving investments from SWFs, have a common interest in an open and stable international financial system. We support the processes underway in the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) to develop voluntary best practices for SWFs and inward investment regimes for government-controlled investment in recipient countries, respectively. International agreement on a set of voluntary best practices will create a strong incentive among SWFs and investment-recipient countries to hold themselves to high standards. We hope that the IMF and OECD's work can build upon these basic principles:

Policy Principles for Sovereign Wealth Funds (SWFs)

1. SWF investment decisions should be based solely on commercial grounds, rather than to advance, directly or indirectly, the geopolitical goals of the controlling government. SWFs should make this statement formally as part of their basic investment management policies.
2. Greater information disclosure by SWFs, in areas such as purpose, investment objectives, institutional arrangements, and financial information – particularly asset allocation, benchmarks, and rates of return over appropriate historical periods – can help reduce uncertainty in financial markets and build trust in recipient countries.
3. SWFs should have in place strong governance structures, internal controls, and operational and risk management systems.
4. SWFs and the private sector should compete fairly.
5. SWFs should respect host-country rules by complying with all applicable regulatory and disclosure requirements of the countries in which they invest.

Policy Principles for Countries Receiving SWF Investment

1. Countries receiving SWF investment should not erect protectionist barriers to portfolio or foreign direct investment.
2. Recipient countries should ensure predictable investment frameworks. Inward investment rules should be publicly available, clearly articulated, predictable, and supported by strong and consistent rule of law.

3. Recipient countries should not discriminate among investors. Inward investment policies should treat like-situated investors equally.
4. Recipient countries should respect investor decisions by being as unintrusive as possible, rather than seeking to direct SWF investment. Any restrictions imposed on investments for national security reasons should be proportional to genuine national security risks raised by the transaction.

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