



**Asia-Pacific  
Economic Cooperation**

**Advancing** Free Trade  
for Asia-Pacific **Prosperity**

# **Best Practices on Intellectual Property (IP) Valuation and Financing in APEC**

**APEC Intellectual Property Rights Experts Group**

January 2018



APEC Project: CTI 14 2016A

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APEC#218-CT-01.1



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## **Best Practices on Intellectual Property (IP) Valuation and Financing in APEC**

Over the years, it has been established that intangible assets like intellectual property (IP) have value. Business people have come to realize that these assets can help their firms flourish by providing them with the competitive edge over the others. Meanwhile, the contribution of IP in a business can only be understood if there is quantification. When a value is in place, IP owners will have a better appreciation of the benefits of their IPs and a better sense on what can be done with these.

It was observed, however, that Micro, Small, and Medium Enterprises (MSMEs) are not yet that enlightened as to the value of IP. Thus, very few MSMEs avail themselves of the IP system by seeking protection or registration of their IPs. Consequently, they seldom resort to IP valuation or avail themselves of the valuation mechanism which in the present time is relevant and can be taken advantage of if they want to generate more value from their businesses. By seeing and understanding the value of an IP and how valuation has worked in a number of APEC Economies, it is hoped that other economies will be encouraged to follow suit so that MSMEs will be benefited by the IP system. Such was the primary intention for the conduct of the *Workshops on Promoting Innovation through a Mechanism for IP Valuation, Financing and Leveraging IP Assets held on 12-14 July 2017 and 27-29 September 2017 in Metro Manila, Philippines* where the participants had a chance to share their best practices which are discussed below.

### **A. MALAYSIA**

In 2013, the Malaysian government started a program that would help Small Medium Enterprises (SMEs) expand their business through the development of their IP and its use as collaterals. The IP Financing Scheme (IPFS) program of Malaysia is a Rm200million IP financing plan offered through the Malaysian Debt Ventures Bhd (MDV). Apart from this fund, they also provide a 2% interest rate subsidy and a 50% guarantee through Credit Guarantee Corp Malaysia Bhd.

To help IPFS, the Malaysian government mandated the Intellectual Property Corporation of Malaysia (MyIPO) to push forward the IP valuation initiatives, which focus on four deliverables:

- 1) Conduct of the Local IP Valuers Training and valuation practice - The training of IP valuers started in 2013. MyIPO sought the help of local IP consultants and, at the same time, flew in foreign consultants from WIPO, World Trade Institute (WTI), and University of Berne, Switzerland, to help start this initiative. These experts developed a comprehensive IP Valuation training module<sup>1</sup> suited for the locals' effective use. Interested valuers needed to undergo an extensive training based on the developed module, and, in the end, pass the examination in order to obtain the certification.

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<sup>1</sup> See Appendices 1 and 2 for the Program Overview of MyIPO's IP Valuation Training and Certification Program and the full description of the Training Module, respectively.



Divided into three batches with a total of 53 candidates, only 23 passed the examination and they now comprise Malaysia's pool of IP Valuers.

However, finishing the training and passing the examination was not enough. The new pool of IP valuers underwent continuing capability and capacity building, like a number of practical trainings tied to the IPFS scheme, to give them practical trainings on how to do the actual valuation. To avoid conflict of interest as it is the registrar which subsidizes the valuation training at the same time, MyIPO does not practice IP valuation. MyIPO only takes the initiative to appoint valuers, who are a good mix of accountants, consultants, IP agents, and real estate valuers.

2) Valuation of IP rights for eligible local SMEs - The key features<sup>2</sup> of Malaysia's IP Financing Scheme are as follows:

- a) Leveraging on MDV's strength as an innovative technology financier;
- b) Financing of up to RM10 million or 80% of valued IP, whichever is lower;
- c) 5 years financing tenure (inclusive of a grace period of up to 12 months);
- d) 2% per annum interest/profit equalization payment;
- e) 50% guarantee provided by the Government of Malaysia and administered by Credit Guarantee Corporation Malaysia Berhad;
- f) Applicable for all MDV financing products (except post-shipment);
- g) Discounted guarantee fee of 0.5% per annum;
- h) Basic Requirements:
  - i. Registered & Valued IP
  - ii. Meets MDV product criteria

3) Development of a National IP Valuation Model - One issue raised by the financial institutions in Malaysia was the valuation standard to be used in valuating as there are a number of methods that can be used. To address this, MyIPO sat down with representatives of four venture capital firms, four banks, and the Ministry of Finance to come up with an IP valuation model (IPVM). IPVM was developed as reference for potential lenders and financiers. Supporting the IPFS initiative, its purpose is to provide a standardized, Malaysia-specific and widely accepted valuation method for valuing IP which may be used as collateral in lending. The consultants referred to the international standards including the International Financial Reporting Standards (IFRS), International Valuation Standards (IVS), and International Organization for Standardization (ISO). MyIPO came up with two versions of the document – a full version where there are comprehensive samples of proper valuation and how it is done, and a thinner version where only the salient features of the module are included.

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<sup>2</sup> Intellectual Property Financing Scheme, <http://www.mdv.com.my/en/product-services/government-schemes/intellectual-property-financing/> (accessed October 2017)



- 4) Creation of an IP market platform for IP transactions - Malaysia wanted to show the IP financiers that they are willing to create the needed ecosystem so they created the IP marketplace, where IP rights trading can be facilitated. This also aimed to provide the SMEs with a platform to put up their rights for sale or licensing.

Rm19 million (\$4.5 million) alone was also allocated for training programs for local IP valuers conducted by MyIPO as well as to create an IPR market platform.<sup>3</sup>

To support efforts to push further IP assets as collateral, the Industrial Designs (Amendment) Act 2013 was approved and came into operation on July 1, 2013. This law provides that a registered industrial design may be the subject of a security interest like any tangible assets. Furthermore, in 2015, Malaysia launched the Roadmap for Intellectual Property Monetization 2015-2020 which was a strategy to turn their IPs into a new source of wealth capable of transforming the nation's economy.<sup>4</sup>

However, despite Malaysia's pool of trained IP valuers and a valuation model in place, Malaysians would only do valuation during mergers and acquisitions and did not do IP valuation purposefully. The value of IP, therefore, is not maximized and realized just because they were not aware of their IPs potential. So the biggest challenge for Malaysia is to heighten awareness on the importance of putting value in the IP assets.

Malaysia also wanted to develop IP valuers to serve the APEC region. However, in order for this to happen, valuers need to expand their knowledge in terms of knowing an economy and their customary needs. This is needed in determining international comparables for a more accurate valuation.

To address these challenges, Malaysia has identified the need for the following:

- 1) A more vibrant IP marketplace by partnering with different international organizations;
- 2) Amendment of both the Patent and Trademarks Acts; and
- 3) Phase 2 of the IPFS, where they will advocate IP financing with financiers, banks, and venture capitalists.

## **B. RUSSIA**

Russia has a federal law dealing specifically with Evaluation Standards, including standards for IP valuation. It is called The Law of Federal Standards of Evaluation<sup>5</sup>. In addition, Russia has a special profession for business evaluators and

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<sup>3</sup> Malaysia: Monetizing IP Assets, 2015 <http://www.managingip.com/Article/3491967/Malaysia-Monetising-IP-assets.htm> (accessed October 2017)

<sup>4</sup> Malaysia's IP Monetization Strategy, 2015 <https://ipinasia.wordpress.com/2015/10/04/malaysias-ip-monetization-strategy/> (accessed October 2017)

<sup>5</sup> Federal Law No. 135-FZ of July 29, 1998 on Evaluation Activity in the Russian Federation



one of the specializations under this profession is the IP evaluator who is under the Ministry of Russian Federation of Property Relations. IP evaluators also use the framework contained in the Law of Federal Standards of Evaluation as basis for their valuations. The methods used in evaluation processes are the same as with other APEC economies.

### C. SINGAPORE

Singapore developed a 10-year IP Hub Masterplan which was introduced in 2013. This business Masterplan aims to capture opportunities presented by increasing IP activities internationally to drive business and economic growth for Singapore.<sup>6</sup> There were three strategies identified in this Masterplan, one of which is to *Facilitate IP transactions by increasing access to IP financing, and enhancing transparency and certainty in IP transactions*. Under this strategy, different activities are seen to help achieve the desired goals. These activities are:

- 1) Introduce an IP financing scheme, where the Government partially underwrites the value of IP used as collateral;
- 2) Support IP securitization activities in Singapore, where appropriate;
- 3) Attract IP fund management activities in Singapore, to enhance the slate of IP financing avenues and create spin-off demand in other sectors;
- 4) Set up a Centre of Excellence for IP Valuation to promote excellence in the research and practice of valuation so as to support IP transactions; and
- 5) Work with industry to encourage positive practices that would enhance the transparency of IP transactions.

Singapore is currently doing the following in support of its Masterplan:

- 1) IP Valuation Practice- There is no single body that does IP valuation in Singapore. It has a panel of valuers, accredited by the IP Office of Singapore (IPOS), doing the valuation. Under its IP Financing Scheme, IPOS has seven firms/individuals qualified to do IP valuation. IPOS does not do IP valuation as it consigns itself mainly to the level of policy-making.
- 2) Taxation of IP Assets - To encourage the development and commercialization of intellectual property, Singapore gives five (5) to ten (10) years of tax allowance or tax breaks for IP-based transactions. It even gives more benefits for priority industries that Singapore wants to grow.
- 3) IP Financing– The IP Financing Scheme of Singapore<sup>7</sup> is a S\$100-million program which aims to help companies monetize their IP for business growth and expansion. It is more of a collateral-based financing scheme the government has provided a limited guarantee on IP loans granted by the local banks. To avail of the program, any qualified individual or company

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<sup>6</sup> “Update to the Intellectual Property Hub Master Plan”, 2017, Government of Singapore and Intellectual Property of Singapore (IPOS)

<sup>7</sup> See Appendix 3 for the complete details of the IP Financing Scheme of Singapore.



that needs IP financing will have to go to one of the four financing institutions that are part of this program.

#### **D. THAILAND**

The Thai government used to have an IP Capitalization Project, which was based on their policies on Asset Capitalization Project. Through this program which ran from 2004 to 2010, an IP asset was then accepted as collateral to help support SMEs in terms of access to finance.

The parties involved in this project were the following:

- 1) The Department of Intellectual Property(DIP)
- 2) Government banks – SME bank and government savings bank
- 3) Private Bank – Bangkok Bank

To implement the Project, the activities of the parties mentioned above were as follows:

- 1) Together, they set up the procedure of IP-backed lending and ran the project under government policies.
- 2) Organized trainings for SMEs on how to write and prepare a business plan, which includes an analysis of its IP, for loan request. Banks do not accept IP as sole collateral. It had to be in consideration with the business plan that projects revenue generation.
- 3) Banks evaluated the business plan to determine the loan amount. They did not have IP valuers.
- 4) To prevent default, banks acted as SME mentors in running the business.
- 5) DIP organized business matching events.
- 6) DIP kept track of all IP-backed loan transactions.
- 7) DIP published an IP valuation manual for SMEs and banks.

Although, banks stopped the project after 2010, they were able to finance 119 IPs in 7 years, amounting to 98.4 million Thai Baht or the equivalent of USD2.9M.

At the present, Thailand has envisioned to become an innovation driven economy. With the approval and implementation of the Secured Transactions Act, which took 16 years, they are now ready to finance IP assets. However, Thailand does not practice IP valuation yet. They only have a private sector group of valuers who evaluates the whole of the business plan including its IP asset/s. Moreover, Thailand has already established the Thai IP Mart, which is an online platform where IP can be sold or bought. Thus, in cases of default or non-performing loans, the IP Mart can facilitate its sale and minimize losses for the banks.



## MYIPO'S IP VALUATION TRAINING AND CERTIFICATION PROGRAM

### PROGRAM OVERVIEW

WEEK 1 - LOCAL EXPERTS	Opening Remarks and Course Brief
	Overview to IP
	Building a Brand - Trade Marks
	Common Law Marks & Passing Off
	Inventing the Future - Patents
	Innovating the Future - Utility Innovation
	Creative Expressions - Copyright
	Looking Good - Industrial Designs
	Keeping it Confidential - Confidential Information/Trade Secrets, Layout Designs of IC
	Other IP Rights: Geographical Indications and Plant Varieties
	IP Filing Procedures & Searches
	-Patent & Industrial Design
	IP Filing Procedures & Searches
	-Trademark & Copyright
WEEK 2 – LOCAL EXPERTS	IP Monetization & Commercialization
	IP Licensing & Franchising
	IP Valuation & IP Financing
	Basic Financial Accounting
	Basic Financial Accounting
	Basic Corporate Finance
	IP Collateralisation and Securitisation
WEEK 3 – FOREIGN EXPERTS	Introduction to IP Valuation Methods
	1. Reasons for Valuing
	2. Valuation Methods:
	-Market Approach
	-Income Approach
	-Cost Approach
	3. Issues in IP Valuation
	4. Issues affecting IP Values
	5. International Experience
	Valuation Methods:
WEEK 4 – FOREIGN EXPERTS	Method 1 - Market Approach (Theory & Case Study)
	Method 2 - Cost Approach (Theory & Case Study)
	Method 3 - Income Approach (Theory & Case Study)
	Valuation Report
	-Preparation of Valuation Report
	Case Study on Report Writing
	Recap with Case Studies
	Valuation Assessment (1 hour)
	IP Negotiations
WEEK 5 & 6 – FOREIGN EXPERTS	Case Studies and Recap
	Presentation on Group Assignment
	Group Assignment & Valuation Assessment Analysis

The Course ends with an exam and assessment. Upon successful completion of the course and the examination, candidates are awarded a certification and are provided with ongoing enhancement and practical training to improve competency and knowledge by MyIPO.



<b>INTELLECTUAL PROPERTY VALUATION TRAINING MODULE</b>
<b>Description</b>
<p><b>Module I – Introduction Intellectual Property Rights</b></p> <p><b>1. Overview to Intellectual Property (IP)</b></p> <p>(a) Introduction, Type and Benefits of IP</p> <p><b>2. Building a Brand – Trade Marks (TM)</b></p> <p>(a) Introduction, Functions and Types of TM</p> <p>(b) New TM Concepts</p> <p>(c) Ownership and Distinctiveness of TM</p> <p>(d) Spectrum of Protection for TM</p> <p>(e) Term of Protection for TM</p> <p>(f) Successful TM</p> <p><b>3. Inventing the Future - Patents</b></p> <p>(a) Introduction of Patent</p> <p>(b) Criteria for Patentability and Non-patentable Inventions</p> <p>(c) Right to the Patent</p> <p>(d) Patent Applications: National Filing and PCT Filing</p> <p>(e) Term of Protection for Patent</p> <p>(f) Successful Patent</p> <p><b>4. Creative Expressions – Copyright</b></p> <p>(a) Introduction and Type of Copyright</p> <p>(b) Criteria for Copyright Protection</p> <p>(c) Ownership of Protection for Copyright and Exclusive Right</p>



of Copyright Owner

- (d) Term of Protection for Copyright
- (e) Successful Copyright Commercialisation

## **5. Looking Good – Industrial Designs**

- (a) Introduction of Industrial Designs
- (b) Registrable and Not Registrable Industrial Designs
- (c) Ownership and Exclusive Right of Registered Design Owner
- (d) Successful Design Commercialisation

## **6. Keeping It Confidential – Confidential Information / Trade Secrets**

- (a) Introduction of Confidential Information / Trade Secrets
- (b) Protection of Confidential Information and Precautionary Measures

## **7. Other IP Rights**

- (a) Geographical Indications
- (b) Plant Varieties
- (c) Layout Designs of Integrated Circuits

## **8. Practical Session : IP Filing Procedures & Searches**

- (a) IP Online Search & Filing Procedure

# **Module II – The Evolution of IP Rights: Moving Beyond IP Commercialisation to IP Financing**

## **1. IP Monetisation**



- (a) IP, Innovation and Business Strategy
- (b) Using Own IP to Gain Competitive Edge
- (c) Licensing, Merchandising & Franchising
- (d) Other "Trending" Methods

## **2. IP Valuation and IP Financing**

- (a) IP versus Conventional Assets
- (b) Value of IP
- (c) IP-based Financing
- (d) Case Study:
  - Thailand
  - China
- (e) Methods of Valuation
- (f) Moving Forward of IP Valuation

## **Module III - Intellectual Property Collateralisation and Securitisation**

### **1. Intellectual Property (IP) as an Asset, IP as an intangible asset, IP as personal property**

### **2. Elements of Collateralisation and Securitisation**

- (a) General Concepts: An Introduction to Secured Transactions
- (b) The difference between security and securitisation
- (c) Possessory and non-possessory security interests
- (d) Transfer of title
  - Transfer of legal title by legal owners
  - Transfer of legal title by non-owners
  - Transfer of common law interests and its application in IP



- (e) Asset Classes
  - IP as an asset (recap)
  - IP revenue streams as an asset class
  - Related non-IP asset classes relevant to IP transactions
- (f) The need for valuation in collateralisation and securitisation (an introduction)

### **3. Intellectual Property Securitisation**

- (a) Securitisation Techniques
- (b) Examples of Securitisation

## **Module IV – Introduction to IP Valuation Methods**

### **1. Reasons for Valuing: Purchase; Merger and Acquisition; In House Reporting; Loan Security; Calculation of Royalty.**

- (a) Market Approach
  - Market Prices
  - Analogy
- (b) Income Approach
  - Relief from Royalty
  - Premium Profit
  - Profit Split
- (c) Cost Approach
  - Historical Cost
  - Creating Cost

### **2. Issues in IP Valuation**

- (a) What is the best method
- (b) When to value
- (c) Intellectual Property Legal Life as opposed to Economic Life



### **3. Issues affecting IP Values**

- (a) Competitors
- (b) Legal and Regulations
- (c) Litigation
- (d) Market Changes/ Consumer Preferences

### **4. International Experience**

## **Module V – Valuation**

### **Method 1 – Market Approach**

1. Components of Market Approach
2. Comparable IP transactions in the Market Place between Independent Parties
3. Comparable uncontrolled Transaction and Comparable Uncontrolled Price.
4. Listed Company: Market Capitalisation
5. Royalty rates Method: Profit Margin, Market Potential
6. Limitations of Market Approach
7. Case Study: Real and Historical
  - (a) Example of valuation using market approach
  - (b) Application of market approach to an IP needed valuation

### **Method 2: Income Approach & Valuation**

1. Components of Income Approach
2. Forecast Income and Net Present Value
3. Factors taken into account in income approach
  - (a) Purchasing Power Risk
  - (b) Interest Rate Risk
  - (c) Business Risk



(d) Market Risk

**4. Return of Investment and Income Approach**

- (a) Capital Asset Pricing Model
- (b) Weighted Average Cost of Capital

**5. Application of Income Approach to Individual IP**

- (a) Trade marks: Calculations of trade marks earnings
- (b) Copyrights
- (c) Patents

**6. Limitations of Market Approach**

**7. Case Study: Real and historical**

- (a) Specific examples of IP valuation using Income Approach
- (b) Application to an IP needing valuation

**Method 3: Cost Approach**

- 1. Cost to construct similar asset at current price**
- 2. Historical cost or Replacement Cost**
- 3. Reproduction Cost**
- 4. Cost approach and specific IP categories**
- 5. Limitation of Cost Approach**
- 6. Case Study: Real and historical**
  - (a) Specific examples of IP valuation using cost approach
  - (b) Application of Cost Approach to specific IP needing valuation

**Module VI – Valuation Report & Case Study**

- 1. Preparation of a valuation report**
- 2. Case Study: Historical cases –**
  - (a) Examples of actual IP collateral and securitisation document
  - (b) Application to ASEAN/Malaysian Market



## **Module VII – IP Negotiations**

### **1. The objectives of IP Negotiation**

### **2. Negotiation Techniques**

### **3. Preparation for IP Negotiation**

- (a) Key commercial issues
- (b) Intellectual Property Analysis
- (c) Target business/ Company analysis
- (d) Litigation History of the Asset/ company

### **4. IP Negotiations Checklist**

- (a) Background IP
- (b) Foreground IP
- (c) Valuation Methods used and defending the method

### **5. Golden Guidelines**

- (a) Aim for a win-win outcome
- (b) Maximum (best) and minimum (worst) position
- (c) Aim high whilst protecting credibility
- (d) Everything is negotiable
- (e) Case Studies on IP Negotiations
- (f) The soft skills in IP Negotiation

### **6. Case Studies/ Exercise on IP Negotiations**

## **Module VIII – IP Management for Bankers, Financial Institutions, Venture Capitalists**

### **1. Why is every 1<sup>st</sup> world country an IP economy?**

- (a) The Bigger picture of why IP is important to business, state and nation
- (b) Competitive Advantage and its application towards the



banking industry

- (c) Return of investment in Research & Development and Innovations
- (d) Malaysia's Innovation Agenda and why it is important

## **2. Overcoming the stigma of being an “unrealisable risky asset”**

(a) Addressing the problem of

- Valuation
- Uniqueness
- Intangibility
- Realisation
- Education
- Transparency
- Durability

## **3. Intellectual Property as Part of Business Plan**

### **4. Organisation Of IP Assets**

- (a) Evaluation Process: Products, Process, Technologies
- (b) Ownership and infringement
- (c) Enforcement of IP Ownership
- (d) Monitoring of IP Assets: life cycle, validity, record keeping system
- (e) Management personnel

### **5. IP Audit**

- (a) Purpose of IP audit
- (b) When to conduct IP audit
- (c) IP Audit Checklists



## **6. Case Studies/ Exercise on IP Management**

### **7. Divestiture of IP Assets**

- (a) When should we divest?
- (b) How should we divest?
- (c) Where can we divest?

### **8. The Elephant in the Room**

- (a) Does IP lead itself to non-performing loans (NPL)
- (b) Overcoming the high non-performing loan rates
- (c) Avoiding the IP non-performing loan situation

### **9. Intellectual Property Collateralisation**

- (a) IP collateralisation under the relevant laws in Malaysia
- (b) Copyrights Act 1987 – Ownership and Assignment of Copyright
- (c) Trade Marks Act 1976 – Assignment of Trade Marks
- (d) Industrial Design Act 1996 – Rights of Owners, Transmission and Ownership
- (e) Patents Act 1983 – Assignment and Transmission of Patents
- (f) Trade Secrets and confidential information
- (g) Other IP Rights

## **Module IX – Drafting of IP Collateral/ Securitisation Document**

- 1. Differences between Collateralisation and Securitisation:  
Recap
- 2. Legal requirement for collateralisation
- 3. Legal requirement for securitisation
- 4. The evaluation of Malaysia IP and banking laws for IP



collateralisation and securitisation

5. Protection of stakeholders: banks and financiers, IP legal owners, licensees
6. Differences between Islamic approach conventional approach
7. Case studies and report writing

#### **Module X – Practical Workshop**

##### **1. Case Study: Real life cases**

##### **2. International Experience/ Cases**

- (a) Examples of actual IP collateral and securitisation document
- (b) Application to local market





### Intellectual Property Financing Scheme Information Sheet

#### **GENERAL**

**1. What is the IP Financing Scheme and how does it work?**

The IP Financing Scheme is a Singapore government initiative to help Singapore-based IP-rich companies' monetise their IP for business growth and expansion.

The Singapore Government will share the risk of the IP loan with the Participating Financial Institution (PFI) to encourage financial institutions to accept IP assets as collateral in support of the loan.

PFI's will undertake the due diligence process in assessing the credit worthiness and the business case of the applicants.

**2. What is the term of the IP Financing Scheme initiative?**

This scheme is available until 31 March 2018.

**3. How are the interest rates, repayment structures, additional collateral requirements and uses of funds determined?**

These details would be determined by the PFI's in consultation with the applicants. Loan applications will be subjected to a PFI's approval.

#### **ELIGIBILITY**

**4. If a Singapore incorporated company is wholly owned by a foreign entity, can it still qualify for the IP Financing Scheme?**

Yes, applicants can qualify for the IP Financing Scheme as long as they are incorporated in Singapore.



**APPLICATION PROCESS**

**5. What is the application process?**

Applicants are to:

**Step 1**

- Ensure that they meet the eligibility criteria.
- Approach any of the PFIs for a preliminary credit assessment.
- Complete and submit the 'Application for Intellectual Property Valuation' ("Form A") form to IPOS.
- Approach any of the IP valuers from the Panel of Valuers (POV) for an IP valuation. Applicants should subsequently obtain an IP Valuation report from the appointed IP valuer.

**Step 2**

- Complete the 'Loan Application' ("Form B") and 'Claim for Valuation Subsidy' ("Form C") forms and submit to the PFIs together with the valuation report, and other supporting documents for the loan application within four weeks from the date of the valuation report.

**Step 3**

- Upon successful application, sign the letter of offer and draw down the funds within six months from the date of the letter of offer.

**6. Where to obtain a copy of the application forms?**

Prospective applicants who are interested to obtain a copy of the application forms, please approach the PFIs, IPOS or IP ValueLab\* for a discussion.

**7. Will applicants be able to appoint valuers who are not on the POV?**

No, valuation reports by valuers not listed in the POV will not be accepted for the IP Financing Scheme.



**8. Why must the valuation report from the POV be appointed by IPOS?**

IPOS appoints the POV based on their experience in IP valuation. IPOS sets guidelines which the valuers are bounded to, in order to ensure the quality of the valuation services provided to the applicants.

**9. What is the estimated cost of IP valuation?**

The average valuation cost is provided here for reference. Applicants are to contact valuer(s) from the POV for a quotation.

Pricing (\$\$)				
Blended Hourly Rate	Quick Assessment	Small (<50 Man Hours)	Medium (50-80 Man Hours)	Large (>80 Man Hours)
\$350-\$700	\$5,000-\$15,000	\$15,000-\$27,500	\$20,000-\$50,000	>\$32,000

**10. Any subsidies for the IP valuation cost incurred?**

A Valuation Subsidy is available to defray the cost of IP valuation. IPOS will provide a valuation subsidy to successful applications. To be eligible, applicants must have drawn down the approved loan.

The Valuation Subsidy will be capped at:

- 50% of the IP valuation cost,
- Two percent of the value of the IP, or
- S\$25,000, whichever is lower.

**11. How long does it take for a loan application to be processed?**

In general, valuation will take approximately one month and processing of the application will depend on the respective PFIs who will conduct the necessary credit assessment and due diligence on the applicants and their IP rights (i.e., searches of IP rights on appropriate public registers, legal searches) before recommending the successful cases to IPOS for final approval.



**12. What is the timeline for the applicant to submit the valuation report to the PFIs?**

The applicant must submit the valuation report to the PFIs within four weeks from the date of the valuation report, beyond which the PFIs/IPOS has the right not to accept the report.

**13. Any additional requirements upon successful application?**

Upon the acceptance of the letter of offer, the applicant is required to draw down the fund within six months from the date of the letter of offer.

**FUNDING & COSTS**

**14. How much has the government budgeted for the scheme?**

The PFIs will be able to issue IP loans up to \$100 million under this Scheme.

**15. What are the interest rates charged under the IP Financing Scheme?**

The interest rates under IP Financing Scheme are not fixed but determined by the PFIs based on their assessment of the applicant.

**16. Why are the interest rates determined by the PFIs?**

The interest rates are determined by the PFIs because the loans under the IP Financing Scheme are issued by them. By giving the PFIs the flexibility to price the loans, it will provide them with greater autonomy and control over the level of risk they are prepared to take, after evaluating the quality of the company and the IP rights.



**FURTHER INFORMATION**

**20. Who to contact to discuss about a potential loan under the IP Financing Scheme?**

We would recommend prospective applicants to approach the PFIs for loan related enquiries. The contact details of the PFIs are as follows.

<b>Firms</b>	<b>Contact Details</b>
AFC Merchant Bank	Website: <a href="http://www.afcmerchantbank.com">www.afcmerchantbank.com</a> Contact Number: +65 6224 7155
DBS Bank Ltd	Website: <a href="http://www.dbs.com.sg">www.dbs.com.sg</a> Contact Number: 1800 222 2200 (+65 6222 2200 if overseas)
Oversea-Chinese Banking Corporation (OCBC) Ltd	Website: <a href="http://www.ocbc.com.sg">www.ocbc.com.sg</a> Contact Number: +65 6538 1111
United Overseas Bank (UOB) Ltd	Website: <a href="http://www.uob.com.sg">www.uob.com.sg</a> Contact Number: +65 6539 5686

Alternatively, prospective applicants can also contact IP ValueLab\* at +65 6339 8616.

**21. Who to contact to find out more about the application procedures?**

Please contact IP ValueLab\* at +65 6339 8616. Alternatively, prospective applicants can also approach IPOS or the PFIs.

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*\* IP ValueLab is a subsidiary of the Intellectual Property Office of Singapore that is dedicated to help businesses compete globally through innovation. IP ValueLab assists both the businesses and the financial institutions to understand the business value of IP and to facilitate their application of the IP Financing Scheme using IP as loan collateral for finance.*