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ALERT

MAS Consults on Proposed New Securities and Futures Regulations 2017

MAS consults on proposed new Securities and Futures (Offers of Investments) (Shares, Debentures and Business Trusts) Regulations 2017

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The Securities and Futures (Amendment) Act 2017 (“SF(A)”), passed in Parliament on 9 January 2017, introduces a wide array of amendments to the Securities and Futures Act (“SFA”). To support the implementation of the legislative amendments, the Monetary Authority of Singapore (“MAS”) is consulting on draft regulations in two phases. MAS intends to implement the amendments to the SFA by 2018. The first consultation on the draft regulations closed on 2 June 2017.

On 26 May 2017, MAS issued the second consultation paper on amongst others, the new Securities and Futures (Offers of Investments) (Shares, Debentures and Business Trusts) Regulations 2017 (“SF(OI)(SDBT)R”). The SF(OI)(SDBT)R will have a material impact on the disclosure requirements of several corporate actions, such as initial public offerings and reverse takeover transactions.

The New SF(OI)(SDBT)R

MAS proposed to combine the requirements under the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 and Securities and Futures (Offer of Investments) (Business Trusts) (No.2) Regulations 2005 into the proposed new regulation, SF(OI)(SDBT)R.

Some key proposals under the SF(OI)(SDBT)R are:

a. Disclosure of financial information in a prospectus

For financial years beginning on or after 1 January 2017, Singapore incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore will be required to apply a new accounting framework (“New Framework”) that is identical to the International Financial Report Standards. This requirement also applies to a business trust registered under the Business Trusts Act.

From 1 January 2018, issuers of shares, debentures and units in business trusts that are intending to make offers shortly after 1 January 2018, may need to restate financial information from the Singapore Financial Reporting Standards (“FRS”) to the New Framework.

For the purpose of inclusion in a prospectus, MAS will provide for transitional relief from restating up to three (3) years of historical annual financial statements from FRS to the New Framework.

b. Incorporation by reference

Pursuant to the SF(A), Section 243 of the SFA was amended to allow certain information to be incorporated in a prospectus by reference to a document lodged with MAS together with the prospectus.



The SF(OI)(SDBT)R sets out the specific information that can be incorporated into a prospectus by reference, as well as the conditions and restrictions for incorporating information by reference. Examples of information that can be incorporated by reference include constituent documents of an issuer and expert reports.

c. Offer information statement for offer of securities by a subsidiary of a listed entity

The SF(OI)(SDBT)R proposes a new provision to prescribe the requirements of the offer information statement required for an offer of securities by a subsidiary of a listed entity.

d. Further enhancements to disclosure requirements

Enhancements have also been proposed to be made to prospectus disclosure requirements prescribed in the schedules of the SF(OI)(SDBT)R. Such enhancements relate to, amongst others:

- Boilerplate warning statements
- Identity and interests of a consultant engaged by the issuer
- Offer statistics and timetable
- Selected profit and loss data
- Use of proceeds
- Risk factors
- Business overview
- Liquidity and capital resources
- Trade receivables
- Research and development
- Trend information and profit forecast/ profit estimate
- Compensation for services
- Dividends

Comments on the consultation paper

Please click [here](#) to view the consultation paper and the draft SF(OI)(SDBT)R released by MAS. The closing date for comments to be submitted to MAS is 23 June 2017

If you have any questions or require any additional information, please contact [Yap Lian Seng](#) or [Heng Jun Meng](#) or the ZICO Insights Law LLC partner you usually deal with.

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