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ALERT

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## TSGX proposes amendments to the voluntary delisting regime and other listing regulations

In November 2018, the Singapore Exchange Regulation (“SGX”) published two consultation papers to seek market feedback on the proposed amendments to the voluntary delisting regime, the regulation of issue managers, and the listing review process. Subject to SGX’s review, it is anticipated that the amendments will take effect in 2019.

### Voluntary Delisting Regime

The SGX proposed rule changes to two aspects of voluntary delistings:

- **Approval Threshold**

Under the existing Mainboard Rules and Catalist Rules (“Listing Rules”), a voluntary delisting resolution must be approved by at least 75%, and not be voted against by more than 10% of the total number of issued shares held by shareholders present and voting (“10% Block”).

SGX proposed that the approval threshold be amended such that a voluntary delisting resolution only needs to be approved by at least 50% of the total number of issued shares held by shareholders present and voting. However, the offeror and the parties acting in concert with it must abstain from voting on the resolution. The 10% Block provision is also proposed to be removed.

- **Exit Offer**

The existing Listing Rules require an exit offer to be reasonable, but does not require it to be fair. SGX proposed that the exit offer made in connection with a voluntary delisting must be both fair and reasonable. The appointed independent financial adviser (“IFA”) must give a clear and unequivocal opinion that the exit offer is fair and reasonable.

In addition, SGX proposed to codify the existing practice that an exit offer must include a cash alternative as the default alternative.

### Regulation of Issue Managers

- **Scope of responsibilities**

SGX proposed amendments to the Mainboard Rules to clearly set out responsibilities of the issue managers. These responsibilities include: (a) discharging their obligation with due care, diligence, and skill; and (b) conducting due diligence which at minimum complies with the guidelines issued by The Association of Banks in Singapore. In preparing an applicant for a new listing, the issue manager must be satisfied that, among others, information submitted to the SGX is complete, accurate, and not misleading.

- **Independence and issue manager group**

SGX also proposed new Mainboard Rules which require an issue manager to be independent of a listing applicant, so that the interests of investors may be safeguarded. In cases where joint issue managers are appointed, at least one issue manager must be independent of the listing applicant. For example, an issue manager will not typically be considered independent if the issue manager group has (or will have) an interest in 5% or more in the equity securities of the applicant.



In determining the scope of the issue manager group, the SGX acknowledged that in the case of Singapore-based entities of foreign financial institutions, it may be challenging for the issue manager to obtain information from directors, chief executive officers and key officers, and their associates (collectively, the “**Relevant Persons**”) who are based overseas. As such, SGX clarified that in those circumstances, the Relevant Persons will be included within the issue manager group only if the person is directly involved in the decision-making with respect to the listing application.

### **Listing Review Process**

Under the existing Mainboard Rules, the Listing Advisory Committee (“**LAC**”) has the discretion to convene a meeting for any specific listing application which was not referred to it for review, if it believes that any referral criterion has been satisfied.

The SGX has proposed that the list of non-referral applications be submitted to the LAC after the eligibility-to-list has been granted, instead of before. The SGX expects this amendment to significantly reduce the time to market and uncertainty for listing applicants.

The consultation papers released by the SGX are available [here](#).

If you have further questions on the above, please contact [Yap Lian Seng](#), [Heng Jun Meng](#) or the ZICO Law Partner you usually deal with.

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