

## AMENDMENTS TO REGULATION OF ISSUE MANAGERS

### AMENDMENTS TO MAINBOARD RULES

*Legend: Deletions are struck-through and insertions are underlined.*

*This comparison document takes into account the changes set out in the Response Paper on Enhancements to Continuous Disclosures, which was announced on 9 January 2020.*

#### Definitions and Interpretation

“issue manager”

broking members of the Exchange, banks or corporate finance firms accredited by the Exchange to advise on listing applications for initial public offerings or listings by way of introduction, and includes financial advisers advising on reverse takeovers applications

“issue manager group”

- (a) the issue manager and any other company which is its subsidiary or holding company or is a subsidiary of such holding company;
- (b) the controlling shareholder(s) of the issue manager; and
- (c) the director(s), chief executive officer(s) (or equivalent person(s)) and key officer(s) of the issue manager who are directly involved in the decision-making with respect to a new listing application.

Where the issue manager is a Singapore-based entity of a foreign financial institution, a reference to the issue manager’s director(s), chief executive officer(s) (or equivalent person(s)) and key officer(s) who are directly involved in the decision-making with respect to a new listing application shall mean a reference to the Singapore-based entity’s director(s), chief executive officer(s) (or equivalent person(s)) and its key officer(s) who are directly involved in the decision-making with respect to that listing application. However, where the director(s), chief executive officer(s) (or equivalent person(s)) and key officer(s) of an overseas-based entity of that issue manager are directly involved in the decision-making with respect to that listing application, such persons would likewise be included within the issue manager group.

References to a new listing includes an initial public offering, a listing by way of an introduction or a reverse takeover.

#### Chapter 1 Introduction

#### Part IV Issue Managers, ~~and~~ Issuer’s Directors and Issuer’s Executive Officers

#### Issue Manager’s Functions

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An applicant must appoint an issue manager who will act as the sponsor for and manage the applicant's listing on the Exchange. ~~An application for new listing or reverse takeover must be managed by an issue manager accredited by the Exchange.~~

An issue manager must be able to give the applicant impartial and competent advice and must have the necessary experience to discharge its professional duties as an issue manager fully and professionally.

The issue manager is responsible for preparing the applicant for a new listing (including an initial public offering, a listing by way of an introduction or a reverse takeover).

~~The Exchange must be notified as and when there are significant changes to the corporate structure of accredited issue managers (whether due to mergers and acquisitions, resignation of key management personnel and/or staff of the team managing listing applications, or otherwise).~~

## **112**

~~(1) The issue manager is responsible for preparing the applicant for listing. This requires the issue manager to be satisfied that: —~~

~~(a) the applicant is suitable to be listed;~~

~~(b) the applicant meets admission requirements;~~

~~(c) the applicant is set up sufficiently to comply with the continuing listing requirements; and~~

~~(d) where the applicant is a corporation, the applicant's directors appreciate the nature of their responsibilities and can be expected to honour their obligations under the Exchange's listing rules.~~

~~(2) Normally, the issue manager lodges the listing application and deals with the Exchange on all matters relating to the listing application.~~

## **Independence of Issue Managers**

### **112A**

At least one issue manager must be independent of an applicant for a new listing (including an initial public offering, a listing by way of an introduction or a reverse takeover).

The Exchange retains the discretion to deem an issue manager independent or otherwise. In determining whether an issue manager is independent, the Exchange will have regard to the matters set out in Practice Note 2.1A

## **Responsibilities of Issue Managers**

### **112B**

An issue manager must:-

(1) discharge its obligations with due care, diligence and skill;

(2) in preparing an applicant for a new listing (including an initial public offering, a listing by way of an introduction or a reverse takeover),

- (a) be satisfied that: —
- (i) Rule 112A has been complied with;
  - (ii) the applicant is suitable to be listed on SGX-ST;
  - (iii) the applicant meets admission requirements;
  - (iv) the applicant is set up sufficiently to comply with the continuing listing requirements;
  - (v) where the applicant is a corporation, the applicant's directors appreciate the nature of their responsibilities and can be expected to honour their obligations under the Exchange's listing rules. In the case where the applicant is a REIT or a business trust, the same will apply to the directors of the applicant's REIT manager or trustee-manager, as the case may be; and
  - (vi) the information and confirmation(s) submitted to the Exchange (which includes, where applicable, the confirmations set out in Rules 210(9)(c), 210(9)(g) and/or 246(4)) is complete and accurate in all material respects, and not misleading. If subsequently, the issue manager reasonably believes that the information provided does not meet this standard, it should notify the Exchange as soon as practicable, and correct the information;
- (b) conduct adequate due diligence on the applicant. The Exchange will have regard to the due diligence guidelines issued by The Association of Banks in Singapore when assessing the adequacy of due diligence conducted;
- (3) provide to the Exchange, as soon as practicable, any information or confirmation that the Exchange may require for the purposes of ensuring that the listing rules are complied with by the issue manager, the applicant and the directors and executive officers of the applicant, REIT manager or trustee-manager, as the case may be. Such information or confirmation shall be provided to the Exchange in such form and within such time as the Exchange may reasonably require;
- (4) inform the Exchange of all matters relevant to the listing application that should be brought to the Exchange's attention in a timely manner; and
- (5) notify the Exchange as and when there are significant changes to their corporate structure (whether due to mergers and acquisitions, resignation of key management personnel and/or staff of the team managing listing applications, or otherwise).

#### **Responsibilities of Issuer's Directors and Executive Officers**

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- (1) Each person who is, and who has consented to be, named in the prospectus, introductory document or circular to shareholders (in the case of a reverse takeover) as a director, executive

officer, proposed director or proposed executive officer of the applicant or the enlarged group (in the case of a reverse takeover) (or where applicable REIT manager or trustee-manager), is responsible for ensuring that the information submitted to the Exchange in listing applications (including applications for an initial public offering, a listing by way of an introduction or a reverse takeover), pre-consultation applications, and SGXNET announcements, is complete and accurate in all material respects, and not misleading.

- (2) Such persons mentioned in Rule 114(1) must assist and facilitate the issue manager's conduct of due diligence in accordance with Rule 112B(2)(b).
- (3) ~~The directors and executive officers of the applicant or of the issuer (or where applicable REIT manager or trustee-manager) following admission, are responsible for ensuring that the accuracy of the information submitted to the Exchange (including information submitted in all applications and information contained in all SGXNET announcements) is complete and accurate in all material respects, and not misleading. However, the issue manager must exercise due care and diligence in ensuring the completeness and accuracy of the information contained in the application. The issue manager must also ensure that the Exchange is informed of all matters which should be brought to its attention.~~

## **Chapter 2 Equity Securities**

### **Part X Listing Procedures**

#### **Contents of Application**

##### **246(4)(a)**

having exercised due care, diligence and skill ~~made due and careful enquiry~~, the issuer satisfies the admission requirements;

##### **246(4)(f)**

it is satisfied that the profit forecast, if any, has been made by the applicant's directors after due and careful enquiry and consideration.

## **Chapter 10 Acquisitions and Realisations**

### **Part VIII Very Substantial Acquisitions or Reverse Takeovers**

##### **1015(5)(d)**

A statement by the issue manager(s) and/or financial adviser(s) in the form set out in paragraph 3.1 of Practice Note 12.1.

**Chapter 12 Circulars, Annual Reports and Electronic Communications**  
**Part II Circulars**

**1206(6)**

name the financial adviser and/or issue manager appointed (if any) in the circular, and where required by SGX, include a responsibility statement from the financial adviser and/or issue manager in respect of such information contained in the circular as required by SGX, as set out in paragraph 3.1 of Practice Note 12.1.

**Practice Note 2.1**  
**Equity Securities Listing Procedure**

**4. Due Diligence**

4.1 Listing Rule 112B provides ~~114 states two principles that an issue manager must:-~~

a. discharge its obligations with due care, diligence and skill;

~~a. b.~~ that an issue manager is expected to exercise due care and diligence in ensuring the completeness and accuracy of the information contained in an application, in preparing an applicant for a new listing (including an initial public offering, a listing by way of an introduction or a reverse takeover), be satisfied of the various matters set out in Rule 112B(2)(a) and, conduct adequate due diligence; and

~~b. c.~~ that an issue manager must inform ensure that the Exchange is informed of all matters relevant to the listing application that which should be brought to its the Exchange's attention in a timely manner.

4.3 Issue managers are also ~~encouraged~~ expected to continually review their due diligence processes and procedures to see how they might be refined or improved to meet their obligations under the relevant laws, regulations and SGX's listing requirements.

~~4.4 The failure of an issue manager to discharge its obligations to the satisfaction of the Exchange may result in the Exchange taking such action as it thinks appropriate, including requiring the applicant to find a new issue manager as its sponsor for the listing, imposing conditions on the submission of the application by the issue manager, and censuring the issue manager (publicly or privately). If the Exchange loses confidence generally that an issue manager is properly discharging its obligations, the Exchange may decline to accept any applications sponsored by it.~~

## Practice Note 2.1A

### Independence of Issue Managers

<u>Details</u>	<u>Cross References</u>
<u>Issue date: 10 January 2020</u>	<u>Listing Rule 112A</u>
<u>Effective date: 10 January 2020</u>	

#### **1. Introduction**

Issue managers play a major role in initial public offerings, listings by way of an introduction and reverse takeovers as they prepare listing applicants for the listing, lodge listing applications and deal with the Exchange on matters relating to listing applications.

Rule 112A requires at least one issue manager to be independent of an applicant so that the interests of investors may be safeguarded. All issue managers are expected to provide impartial advice and discharge their professional duties fully and professionally.

#### **2. Independence of Issue Managers**

2.1 The Exchange will not normally consider an issue manager to be independent of an applicant if any of the following circumstances exist from the date of submission of the listing application up to the date of listing:-

- (i) more than 20% of the gross proceeds from the offering is or will be used to:-
  - (a) reduce and/or retire any outstanding loan and/or available committed credit facility extended by the issue manager group to the applicant and/or its subsidiaries; and/or
  - (b) discharge any guarantee given by the issue manager group on behalf of the applicant and/or its subsidiaries;
- (ii) the aggregate amount of:-
  - (a) outstanding loans and/or available committed credit facilities extended by the issue manager group to the applicant and/or its subsidiaries; and
  - (b) guarantees given by the issue manager group on behalf of the applicant and/or its subsidiaries,

exceed 30% of:

- (A) the applicant's latest audited total assets or latest unaudited pro forma total assets (if applicable) prior to the submission of the application;



(d) held by the issue manager group that arise as a result of an underwriting obligation; and

(ii) an issue manager group would be deemed to have an interest in the equity securities of the applicant, its principal subsidiaries and/or controlling shareholder(s) if the issue manager group will be granted securities that may be convertible to shares in the applicant, its principal subsidiaries and/or controlling shareholder(s) before or after the listing.

2.6 Notwithstanding that specific numerical limits have been provided in paragraphs 2.1(i), (ii) and (iii) above, the Exchange retains the discretion to deem the issue manager independent or otherwise having regard to the spirit and intent of Rule 112A.

The issue manager must consider whether there are any circumstances other than those set out in paragraph 2.1 above that may materially affect its independence. In the event of any uncertainty, the applicant should consult and clarify with the Exchange as soon as possible.

#### **Practice Note 12.1**

#### **Responsibility Statements for Directors, Vendors, Issue Managers and Financial Advisers**

<b>Details</b>	<b>Cross References</b>
Issue date: 14 September 2011	Listing Rules 610(3), 610(4), 1015(5)(c), 1015(5)(d), 1205 and 1206(6)
Effective date: 29 September 2011	Appendix 8.2

1. This Practice Note provides guidance on the wordings for the responsibility statements for directors, vendors, issue managers and financial advisers.

#### **2. Responsibility Statement for Directors and Vendors**

2.1 For the purposes of Rule 610(3), Rule 1015(5)(c) and Rule 1205, the following directors' [or vendors'] responsibility statement should be included in circulars:

"The [directors/vendors] collectively and individually accept full responsibility for the accuracy of the information given in this circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this circular constitutes full and true disclosure of all material facts about the [describe proposed action], the issuer and its subsidiaries, and the [directors/vendors] are not aware of any facts the omission of which would make any statement in this circular misleading, [and where the circular contains a profit forecast, the directors are satisfied that the profit forecast has been stated after due and careful enquiry and consideration]. Where information in the circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the [directors/vendors] has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context."

### 3. Responsibility Statement for Issue Managers and Financial Advisers

3.1 For the purposes of Rule 610(4), Rule 1015(5)(d), Rule 1206(6) and Appendix 8.2, the following issue manager's or financial adviser's responsibility statement should be included in circulars:

"To the best of the ~~financial adviser's~~ [issue manager's/financial adviser's] knowledge and belief, this circular constitutes full and true disclosure of all material facts about the [describe proposed action], the issuer and its subsidiaries, and the ~~financial adviser~~ [issue manager/financial adviser] is not aware of any facts the omission of which would make any statement in the document misleading; [and where the document contains a profit forecast, it is satisfied that the profit forecast has been stated by the directors after due and careful enquiry and consideration]."