

## **CHAPTER 2 EQUITY SECURITIES**

### **PART I SCOPE OF CHAPTER**

- 201 This Chapter sets out the requirements and procedures for an issuer seeking admission to the Official List of the Exchange and a listing of its equity securities. These requirements are generally applicable to all issuers, including companies incorporated in Singapore or elsewhere. The Exchange may vary the requirements in a particular case.

### **PART II GENERAL REQUIREMENTS**

- 202 An issuer may apply for admission to the Official List of the SGX Mainboard or Catalist. The listing may be a primary or a secondary listing. The Exchange has absolute discretion concerning the admission of an issuer to the Exchange's Official List (and its removal) and quotation of its equity securities (and their suspension). The Exchange may approve applications for listing unconditionally or subject to condition(s), or may reject applications for listing, as it thinks appropriate. The Exchange also reserves the right to vary any such condition(s) or impose additional conditions.
- 203 An issuer seeking listing for its equity securities must be a going concern or be the successor of a going concern. In reviewing a listing application, the Exchange will consider a number of factors, including the specific numerical standards and qualitative factors set out in this Manual. While the size of an issuer is important, greater emphasis is placed on factors such as the integrity of the management and controlling shareholders, an issuer's market position and relative stability, and the disclosure provided in the prospectus, offering memorandum or introductory document.
- 204 Additional guidelines for the listing of property investment and property development companies are set out in Part VI of this Chapter. Requirements for the listing of global depository receipts are also set out in Part XI of this Chapter.
- 205 Issuers, other than investment companies, whose assets consist wholly or substantially of cash or short-dated securities will not normally be admitted to the Official List.
- 206 Partly-paid shares may be admitted to listing provided at least one month's notice in advance of the amount and time of payment of each call is given to shareholders. The Exchange may impose restrictions on the dealings in such shares until they are fully paid.
- 207 An issuer should not have, as part of its name, words that tend to confuse or are misleading.

208 The Exchange may prescribe additional or other requirements for the listing of specific types of issuers not specifically addressed by this Chapter.

### Continuing Listing Obligations

209 While an issuer remains on the Official List of SGX Mainboard or Catalist, it must comply with the listing rules. If the issuer has a secondary listing on SGX Mainboard, it must comply with Rule 217.

## PART III SGX MAINBOARD LISTINGS

210 An issuer applying for listing of its equity securities on the SGX Mainboard must meet the following conditions:-

### (1) Shareholding Spread And Distribution

(a) The following table sets out the shareholding and distribution requirements:-

PUBLIC FLOAT				DISTRIBUTION	
	Market Capitalisation (\$ million) ("M")	Proportion of post-invitation share capital in public hands	Number of shareholders	Total Offer Size (\$ million) ("O")	Distribution
SGX- MAINBOARD	M < 300	25%	500	O < 75	At least 40% of the invitation shares or \$15 million whichever is lower, must be distributed to investors each allotted not more than 0.8% of the invitation shares or \$300,000 worth of shares whichever is lower.
	300 ≤ M < 400	20%	500	75 ≤ O < 120	At least 20% of the invitation shares must be distributed to investors, each allotted not more than 0.4% of the invitation shares.
	400 ≤ M < 1000	15%	500	O ≥ 120	No requirement applicable.
	M ≥ 1000	12%	500		Notes: 1) The shareholdings of an applicant and his associates must be aggregated and treated as one single holder. 2) Preferential allotments made pursuant to Rule 234 must be excluded.

(i) The shareholding spread must not be obtained by artificial means, such as giving shares away and offering loans to prospective shareholders to buy

the shares.

- (ii) In the computation of the percentage of shares to be held in public hands, existing public shareholders may be included, subject to an aggregate limit of 5% of the issuer's post-invitation issued share capital and provided such shares are not under moratorium. For the purpose of this rule, "existing public shareholders" refer to shareholders of the issuer immediately before the invitation and who are deemed "public" as defined in the Manual. This rule is not applicable to an application for listing by way of introduction.
  - (iii) An overall distribution of shareholdings that is expected to provide an orderly secondary market in the securities when trading commences, and that will be unlikely to lead to a corner situation in the securities.
- (b) For a secondary listing, an issuer must have at least 500 shareholders worldwide. Where the Exchange and the primary home exchange do not have an established framework and arrangement to facilitate the movement of shares between the jurisdictions, the issuer should have at least 500 shareholders in Singapore or 1,000 shareholders worldwide.

## **(2) Quantitative Criteria**

An issuer must also satisfy one of the following requirements:-

- (a) Minimum consolidated pre-tax profit (based on full year consolidated audited accounts) of at least S\$30 million for the latest financial year and has an operating track record of at least three years.
- (b) Profitable in the latest financial year (pre-tax profit based on the latest full year consolidated audited accounts), has an operating track record of at least three years and has a market capitalisation of not less than S\$150 million based on the issue price and post-invitation issued share capital.
- (c) Operating revenue (actual or pro forma) in the latest completed financial year and a market capitalisation of not less than S\$300 million based on the issue price and post-invitation issued share capital. Real Estate Investment Trusts and Business Trusts who have met the S\$300 million market capitalisation test but do not have historical financial information may apply under this rule if they are able to demonstrate that they will generate operating revenue immediately upon listing.

## **(3) Profit Test**

With respect to the profit tests in Rule 210(2)(a) and (b), the following shall apply:-

- (a) An issuer must have been engaged in substantially the same business and have been under substantially the same management throughout the period for which the three years operating track record applies.

- (b) If the group made low profits or losses in the two years before the application due to specific factors which were of a temporary nature and such adverse factors have either ceased or are expected to be rectified upon the issuer's listing, the application may still be considered.
- (c) In determining the profits, exceptional or non-recurrent income and extraordinary items must be excluded.
- (d) The Exchange will normally not consider an application for listing from an issuer which has changed or proposes to change its financial year end if the Exchange is of the opinion that the purpose of the change is to take advantage of exceptional or seasonal profits to show a better profit record.

#### **(4) Financial Position And Liquidity**

- (a) The group must be in a healthy financial position, having regard to whether the Group has a positive cash flow from operating activities.
- (b) Prior to listing, all debts owing to the group by its directors, substantial shareholders, and companies controlled by the directors and substantial shareholders must be settled. For the purposes of this paragraph (b), reference to debt includes third party indebtedness (including contingent liabilities for guarantees and indemnities) incurred by the group for the benefit of the directors, substantial shareholders and companies controlled by the directors and substantial shareholders. This rule does not apply to debts owing by the subsidiaries and associated companies of the issuer to the group.
- (c) While the surplus arising from revaluation of plant and equipment can be shown in the books of the issuer, such surplus should not be capitalised or used for calculating its net tangible assets per share.

#### **(5) Directors And Management**

- (a) The directors and executive officers should have appropriate experience and expertise to manage the group's business. As a pre-quotation disclosure requirement, an issuer must release a statement via SGXNET or in the prospectus, offering memorandum or introductory document identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company.
- (b) The character and integrity of the directors, management and controlling shareholders of the issuer will be a relevant factor for consideration. In considering whether the directors, management and controlling shareholders have the character and integrity expected of a listed issuer, the Exchange will

take into account the disclosure made in compliance with Rule 246(5)(a).

- (c) The issuer's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer.

**(6) Chain Listing**

A subsidiary or parent company of an existing listed issuer will not normally be considered suitable for listing if the assets and operations of the applicant are substantially the same as those of the existing issuer. In arriving at a decision, the Exchange will consider the applicant's business or commercial reasons for listing.

**(7) Articles Of Association**

An issuer must ensure that its Articles of Association or constituent documents meet the requirements in Appendix 2.2.

**(8) Life Science Companies**

A life science company that cannot meet the requirements in Rule 210(2)(~~a~~), ~~2(b)~~, (3) and/or (4)(a) may list its equity securities on the SGX Mainboard if it fulfills the following conditions:

- (a) has successfully raised funds from institutional investors, accredited investors as defined in the SFA or such relevant persons as contemplated under sections 274 and 275 of the SFA prior to its IPO, not less than 6 months prior to the date of the listing application;
- (b) meets the S\$300 million market capitalisation requirement in Rule 210(2)(c);
- (c) has as its primary reason for listing, the use of proceeds of the IPO to bring identified products to commercialisation;
- (d) demonstrates that it has a three-year record of operations in laboratory research and development and submit to the Exchange the following:
  - (i) details of patents granted or details of progress of patent applications;
  - (ii) the successful completion of, or the successful progression of, significant testing of the effectiveness of its products; and
  - (iii) the relevant expertise and experience of its key management and technical staff; and
- (e) has available working capital that is sufficient for its present requirements and for at least ~~18~~<sup>12</sup> months after listing.

For the avoidance of doubt, an issuer seeking a listing of its equity securities on the SGX Mainboard through this Rule 210(8) must satisfy all other listing requirements in Rule 210 apart from Rule 210(2)(a), (2)(b), (3) and 4(a).

#### (9) Mineral, Oil and Gas Companies

- (a) A mineral, oil and gas company must be able to establish the existence of adequate resources in a defined area where the company has exploration and exploitation rights, and which must be substantiated by an independent qualified person's report. In complying with this rule, the resource must be at least, in relation to minerals, categorised as an Indicated Resource and, in relation to oil and gas, categorised as a Contingent Resource.
- (b) the independent qualified person preparing the qualified person's report must fulfil the following:
  - (i) the qualified person must not be a sole practitioner;
  - (ii) if the qualified person producing the report is not a partner or director of his firm, the production of the report must be directly supervised by a partner or director on behalf of the firm;
  - (iii) the qualified person and his firm's partners, directors, substantial shareholders and their associates must be independent of the listing applicant, its directors and substantial shareholders, its advisers and their associates;
  - (iv) the qualified person and his firm's partners, directors, substantial shareholders and their associates must not have any interest, direct or indirect, in the listing applicant, its subsidiaries or associated companies and will not receive benefits (direct or indirect) other than remuneration paid to the qualified person in connection with the qualified person's report; and
  - (v) remuneration paid to the qualified person or the qualified person's firm in connection with the report must not be dependent on the findings of the report.
- (c) The qualified person's report must meet the following requirements:
  - (i) the effective date of the qualified person's report must not be more than 6 months from the date of lodgement of the offer document; and
  - (ii) The contents of the qualified person's report must comply with the requirements as set out in paragraph 5 of Practice Note 6.3
- (d) A mineral, oil and gas company must have working capital that is sufficient for its present requirements and for at least 18 months after listing which

must include (i) operating, general and administrative and financing costs; (ii) property holding costs; and (iii) costs of any proposed exploration and/or development. Working capital shall be considered as the applicant's ability to access cash and other available liquid resources (including proceeds from the initial public offering and projected cashflows but excluding future borrowings/financing which have not been obtained) in order to meet its liabilities as they fall due. Where projected cashflows are relied upon, the issue manager must submit a confirmation to the Exchange that it is satisfied that the projections are prepared by the applicant's directors after due and careful enquiry. Proceeds from the initial public offering can be taken into consideration only if the invitation is fully underwritten. If the invitation is not underwritten but the listing is subject to a specified minimum amount to be raised from the invitation, the proceeds taken into consideration shall be limited to the minimum amount to be raised.

- (e) A mineral, oil and gas company must have at least one independent director with appropriate industry experience and expertise.
- (f) All mineral, oil and gas companies must satisfy other listing requirements in Rule 210.
- (g) A mineral, oil and gas company that cannot meet the requirements in Rule 210(2), (3) and/or (4)(a) may list its securities on the SGX Mainboard if it fulfills the following additional conditions:
  - (i) has market capitalisation of not less than S\$300 million based on the issue price and post-invitation issued share capital; and
  - (ii) discloses its plans and milestones to advance to production stage with capital expenditure for each milestone. These plans must be substantiated by the opinion of an independent qualified person;
- (h) The issue manager must submit a confirmation to the Exchange that after conducting due diligence, the issue manager is not aware of any matter that has caused it to believe that the listing applicant
  - (i) has not obtained all material licences, permits or certificates necessary to conduct its operations from the relevant governmental bodies in the jurisdictions where the Group operates;
  - (ii) is not in compliance with all laws, rules and regulations in all jurisdictions in which the Group operates, including but not limited to, the proper incorporation and good standing of any incorporated subsidiary or interest, except where such non-compliance is not material to the Group's business operations; and
  - (iii) does not possess title to or valid and enforceable rights to any assets (including licenses and agreements) as is appropriate to the listing

applicant or the Group, except where such lack of, or defect in, such title or rights is not material to the Group's business operations.

In relying on the opinion from a legal adviser in providing the confirmation to the Exchange, the issue manager should make due diligence inquiries including:

(i) assessing the suitability of the legal adviser having regard to whether the legal adviser has the relevant experience and is authorized to practise and advise in the relevant jurisdiction; and

(ii) reviewing the terms and scope of engagement.

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#### **PART IV TRANSFER FROM CATALIST TO SGX MAINBOARD**

212 A Catalist issuer may apply to the Exchange in writing for transfer to SGX Mainboard. The Exchange may allow the transfer if an issuer meets the following requirements:-

- (1) It has been listed on SGX Catalist for at least two years;
- (2) It meets the minimum quantitative requirements below and any other listing requirements that the Exchange may prescribe (either generally or in any particular case)
  - (a) Rule 210(2)(a) and Rule 210(3); or
  - (b) Rule 210(2)(b) and Rule 210(3); or
  - (c) Rule 210(2)(c) and Rule 210(4)(a)

When determining whether the issuer complies with the market capitalisation requirement in Rule 210(2)(b) or Rule 210(2)(c), the Exchange will take into account the issuer's average daily market capitalisation for one month preceding the application date.

- (3) It provides the Exchange with an undertaking to comply with all the Exchange's requirements and policies applicable to issuers listed on the SGX Mainboard. The undertaking must be in the form set out in Appendix 2.3.1.

213 For the purpose of the transfer, an issuer may be required to increase the proportion of its issued and paid-up capital held in public hands to meet the minimum shareholding spread requirements applicable to SGX Mainboard issuers.

214 If an issuer has a sufficient spread of shareholders and no marketing of securities is

necessary, the transfer to the SGX Mainboard may be effected after the issuer has made a public announcement of the transfer and a copy of the announcement has been sent to shareholders.

## **PART V LISTING REQUIREMENTS FOR FOREIGN ISSUERS**

- 215 Foreign issuers may list on the SGX Mainboard or Catalist. The listing may be a primary listing or a secondary listing.
- 216 (1) A foreign issuer which has a primary listing on the Exchange must comply with the listing rules in full.
- (2) In addition, the following requirements should also be complied with:-
- (a) Confirmation that an announcement will be made via SGXNET as soon as there is any change in the law of its place of incorporation which may affect or change shareholders' rights or obligations over its securities, including:-
- (i) The right to attend, speak, vote at shareholders' meetings and the right to appoint proxies;
  - (ii) Right to receive rights offering and any other entitlements;
  - (iii) Withholding taxes on its securities;
  - (iv) Stamp duties on its securities;
  - (v) Substantial shareholder reporting requirements for its securities;
  - (vi) Foreign shareholding limits on the securities;
  - (vii) Capital controls over cash dividends or other cash distributions payable in respect of its securities; and
  - (viii) Obligations to file documents or make declarations in respect of its securities.
- 217 A foreign issuer applying for a secondary listing must already be listed or will be concurrently listed on a foreign stock exchange (referred to as the "home exchange") and must be, or will be, subject to the listing (or other) rules of the home exchange where it has a primary listing. The application need not comply with Part VIII of this Chapter with regard to the moratorium on promoters' shareholdings. A foreign issuer with a secondary listing on the Exchange need not comply with the Exchange's listing rules, provided that it undertakes to:-
- (1) release all information and documents in English to the Exchange at the same time as they are released to the home exchange;
  - (2) inform the Exchange of any issue of additional securities in a class already listed on the Exchange and the decision of the home exchange; and
  - (3) comply with such other listing rules as may be applied by the Exchange from time to time (whether before or after listing).

- 218 All securities will be quoted in Singapore dollars, unless the Exchange agrees to a quotation in a foreign currency, or unless the Monetary Authority of Singapore's policy on the internationalisation of the Singapore dollar requires otherwise. Listing applicants are encouraged to consult the Exchange if they prefer a quotation in a foreign currency.

#### **Share Transfer Facilities**

- 219 Arrangements satisfactory to the Exchange must be made to enable shareholders in Singapore to register their shareholdings promptly.

#### **Accounting Standards**

- 220 (1) For primary listings, the financial statements submitted with the application, and future periodic financial reports, must be prepared in accordance with Singapore Financial Reporting Standards ("FRS"), or International Financial Reporting Standard ("IFRS"), or US Generally Accepted Accounting Principles ("US GAAP"). Accounts that are prepared in accordance with IFRS or US GAAP need not be reconciled to FRS.
- (2) For secondary listings, the financial statements submitted with the listing application, and future periodic financial reports, need only be reconciled to FRS, or IFRS, or US GAAP.

#### **Resident Director**

- 221 A foreign issuer must have at least two independent directors, resident in Singapore.

### **PART VI ADDITIONAL LISTING REQUIREMENTS FOR PROPERTY INVESTMENT/ DEVELOPMENT COMPANIES**

#### **222 Property Investment/Development Companies**

In addition to the requirements for listing on the SGX Mainboard or Catalist, a property investment/development company applying for admission to the Official List must also meet the following requirements:-

(1) **Minimum Leasehold Period**

Properties that have remaining leases of less than 30 years must not, in aggregate, account for more than 50% of the group's operating profits for the past three years. If the property is located in a jurisdiction outside Singapore, the Exchange may require or accept a different remaining length of lease as a basis for this rule.

(2) **Independence Of Valuer**

An issuer must appoint a valuer to conduct a valuation of all its principal freehold and leasehold properties. The valuer must be an independent external valuer, unless otherwise approved by the Exchange. The valuer must not be a substantial shareholder, director or employee of the issuer or any of its subsidiaries, or in partnership with or employed by a substantial shareholder, director or employee. The Exchange may require an issuer to appoint a second valuer to conduct a valuation on the properties.

(3) **Valuation Report**

The valuation report must state the effective date at which the properties are valued, which should not be more than six months from the date of the application for listing.

## **PART VII CONFLICTS OF INTEREST**

223 An issuer should resolve or eliminate conflict situations prior to listing. The Exchange may accept a proposal to resolve or eliminate conflicts of interest within a reasonable period after listing. Conflicts of interest include situations in which interested persons:-

- (1) Carry on business transactions with the issuer or provide services to or receive services from the issuer or its group;
- (2) Lend to or borrow from the issuer or its group;
- (3) Lease property to or from the issuer or its group; or
- (4) Have an interest in businesses that are competitors, suppliers or customers of the issuer or its group.

224 In reviewing compliance with the Exchange's policy on conflicts of interest, the Exchange takes into account:-

- (1) The parties involved in the conflict situation and their relationship to the issuer;
- (2) The significance of the conflict in relation to the size and operations of the issuer and in relation to its potential influence on the interested person;
- (3) Whether the parties who are involved in the conflict derive any special advantage from it; and
- (4) Whether the conflict can be terminated, and if so, how soon and on what basis; or, if the conflict cannot be promptly terminated, whether:-
  - (a) the arrangement is necessary and beneficial to the operations of the issuer;

- (b) the terms of the arrangement are the same or better than those that can be obtained from third parties;
  - (c) the arrangement will be reviewed at regular intervals and approved by independent directors or shareholders;
  - (d) the issuer has or will have adequate internal procedures to ensure that the terms of the arrangement are fair and reasonable; and
  - (e) there is, or has been, adequate disclosure of the conflict, the parties to it, and the measures taken in respect of it. This may be through the prospectus, offering memorandum, introductory document, circular or other reports.
- (5) Whether the issuer has entered into any right of first refusal agreements and whether such agreements are valid for as long as the conflicts of interest exist. Where a business trust or REIT enters into right of first refusal agreements, Paragraph 3 of Practice Note 4.1 shall apply.

## **PART VIII MORATORIUM**

### **225 Purpose Of A Moratorium**

The purpose of a moratorium is to maintain the promoters' commitment to the issuer and align their interests with that of public shareholders.

#### **Promoters**

226 For the purpose of this Chapter, "promoters" of an issuer are: -

- (1) controlling shareholders and their associates; and
- (2) executive directors with an interest in 5% or more of the issued share capital at the time of listing.

#### **Moratorium Undertakings**

227 The promoters must give contractual undertakings to the issue manager to observe a moratorium on the transfer or disposal of all their interests in the securities of the issuer.

228 Where a promoter has an indirect shareholding in the applicant, the promoter must also provide an undertaking to maintain the promoter's effective interest in the securities under moratorium during the moratorium period. However where an indirect shareholding is held through a company which is listed, the promoter's holding in that listed company is excluded from the moratorium.

## Period Of Moratorium

229 The period of moratorium must not be shorter than the following:-

- (1) In the case of SGX Mainboard issuers who satisfy the profitability test in Rule 210(2)(a) or (b), the promoters' entire shareholdings at the time of listing for at least 6 months after listing.
- (2) In the case of SGX Mainboard issuers who satisfy the market capitalization test in Rule 210(2)(c) or Rule 210(8), [or Rule 210\(9\)](#), the promoters' entire shareholdings at the time of listing for at least 6 months after listing, and at least 50% of original shareholdings (adjusted for any bonus issue or subdivision) for the next 6 months.
- (3) In the case of investors each with 5% or more of the issuer's post-invitation issued share capital who acquired their securities, and who made payment for their acquisition, less than 12 months prior to the date of the listing application, a proportion of their shareholdings will be subject to moratorium for 6 months after listing computed based on the following cash formula:-

$$M = \frac{V_{IPO} - V_{CP}}{V_{IPO}} \times P$$

Where

M = the number of shares subject to moratorium;

$V_{CP}$  = the total cash paid for the shares acquired by the investor within the 12 months preceding the date of the listing application;

$V_{IPO}$  = the value of the investor's total shareholdings acquired within 12 months preceding the date of the listing application based on the issue price at the initial public offering, or if there is no initial public offering, the price agreed by the Exchange; and

P = the total number of shares paid for by the investor in the 12 months preceding the date of the listing application.

- (4) In the case of investors each with less than 5% of the issuer's post-invitation issued share capital who acquired their securities, and who made payment for their acquisition, less than 12 months prior to the date of the listing application, there will be no limitation on the number of shares which may be sold as vendor shares at the time of the initial public offering.

Where the investors have shares remaining unsold at the time of the initial public offering, the proportion of such remaining shares to be subject to a moratorium for 6 months after listing shall be computed based on the following cash formula:-

$$M = \frac{V_{\text{IPO}} - V_{\text{CP}}}{V_{\text{IPO}}} \times P$$

Where

M = the number of shares subject to moratorium;

$V_{\text{CP}}$  = the total cash paid for the shares acquired by the investor within the 12 months preceding the date of the listing application;

$V_{\text{IPO}}$  = the value of the investor's total shareholdings acquired within 12 months preceding the date of the listing application based on the issue price at the initial public offering, or if there is no initial public offering, the price agreed by the Exchange; and

P = the total number of shares paid for by the investor in the 12 months preceding the date of the listing application.

- (5) In the case of investors who are connected to the issue manager for the initial public offering of the issuer's securities, their shareholdings will be subject to a moratorium for 6 months after listing. For the avoidance of doubt, these investors are prohibited from selling vendor shares at the time of the initial public offering.

(a) Rule 229(5) will not apply if:-

- (i) The investor is a fund manager and the funds invested in the issuer are managed on behalf of independent third parties;
- (ii) the investor and the issue manager have separate and independent management teams and decisions making structures; and
- (iii) proper policies and procedures have been implemented to address any conflict of interest arising between the issue manager and the investor.

The issuer should consult and demonstrate to the Exchange that these conditions have been met, to the satisfaction of the Exchange, for Rule 229(5) not to apply. The Exchange retains the discretion to require compliance with Rule 229(5) where it deems fit.

- (6) For the purposes of Rules 229(3), (4) and (5), where an introducer of the issuer, a consultant to the issuer for the initial public offering, or investors who are connected to the issue manager, have an indirect shareholding in the issuer, these investors may be required to comply with the moratorium requirements in Rule 228.

## **PART IX METHODS OF OFFERING**

## **General**

230 An issuer may distribute its securities either by way of a public offer, or placement, or book-building, or by a combination of these methods, subject to compliance with the listing rules and such other conditions as the Exchange may consider appropriate.

## **Placing Or Offer For Subscription**

231 The issuer must issue a prospectus or offering memorandum, in connection with an offering of securities for subscription or sale. The prospectus or offering memorandum must comply with Chapter 6.

## **Placement Tranche**

232 The issue manager, underwriter, lead broker, distributor, or any of their connected clients (as defined in Rule 240) or their discretionary managed portfolios (whether proprietary or not) must not be allocated or allotted more than 25% of the securities made available for placement by each of them respectively. Any allocation or allotment to such parties must be disclosed in the form specified in Rule 240. This rule does not apply to securities taken up pursuant to an underwriting or sub-underwriting agreement.

## **Public Subscription Tranche**

233 Where an invitation involves a public tranche for subscription or purchase, the following rules apply to allocation and allotment of securities in this tranche:-

- (1) The basis of allocation and allotment to investors must be fair and equitable.
- (2) The balloting procedures must be clearly spelt out and strictly adhered to. Unsuccessful applicants must be notified, and the application money must be returned, within 24 hours of the balloting.
- (3) In respect of applications which have been balloted but subsequently rejected, the reasons for rejection must be clearly stated.
- (4) In respect of applications which have been partially successful, the balance of the application money must be refunded in the shortest possible time.

## **Preferential Allotment Of Reserved Securities**

234 The issuer may reserve up to 10% of the offered securities for allocation and allotment to its employees, directors, customers, suppliers and persons who have contributed to the success of the issuer.

## **Introduction**

- 235 An issuer may apply for listing of its securities by way of introduction without any offer being made of its securities for subscription or sale, if it complies with the relevant shareholding spread requirements.
- 236 An introduction will normally be appropriate in the following circumstances:-
- (1) where the securities for which listing is sought are already listed on another stock exchange;
  - (2) where the securities of an issuer are distributed in specie to its shareholders or to the shareholders of another listed issuer; or
  - (3) where a holding company is formed and its securities are issued in exchange for those of one or more listed issuers.
- 237 An introduction may not be permitted if an issuer has carried out any fund raising activities in Singapore within six months before its listing application. An issuer is also not permitted to carry out any fund raising activities in Singapore within three months after its listing.
- 238 The applicant must issue an introductory document in connection with an introduction. The introductory document must comply with the Exchange's requirements set out in Chapter 6. The Exchange may modify or waive any particular requirement if it considers it appropriate.

### **Underwriting**

- 239 An issue of securities in connection with a listing on the Exchange can be made with or without it being underwritten. An issuer which proposes to make an issue without underwriting should consult the Exchange as early as possible.

### **240 Disclosure Of Subscription**

- (1) If any of the following persons acquires an interest (whether directly or through a nominee) in the securities being marketed, their respective aggregate interest and the circumstances resulting in the acquisition of the interest must be announced before listing of the issuer's securities:-
  - (a) each director and his associates;
  - (b) each substantial shareholder and his associates;
  - (c) the issue manager and its connected clients;
  - (d) the underwriter and its connected clients;
  - (e) the lead broker and its connected clients; and
  - (f) any distributor and its connected clients.
- (2) The disclosure required by Rule 240(1) must be made to the best of the issue manager's knowledge and belief, having taken all reasonable steps and made all

reasonable enquiries.

(3) A “connected client” means:-

- (a) a director or substantial shareholder of the issue manager, underwriter, lead broker or distributor;
- (b) a spouse, infant child or step child of any person in (a);
- (c) a person in the capacity of trustee of a private or family trust (other than a pension scheme) the beneficiaries of which include any person in (a);
- (d) a relative of any person in (a) whose account is managed by the issue manager, underwriter, lead broker or distributor in pursuance of a discretionary managed portfolio agreement; or
- (e) a company which is a member of the same group of companies as the issue manager, underwriter, lead broker or distributor.

#### **Issue Price**

- 241 The issue price of the equity securities (other than convertible equity securities) offered for subscription or sale, for which a listing is sought, must be at least S\$0.50 each.

#### **Offer Period**

- 242 An issuer offering equity securities for subscription or sale must keep the offer open for at least 2 market days (excluding the date of commencement of offer). The Exchange may allow a shorter period for a secondary listing involving an offer of shares.

### **PART X LISTING PROCEDURES**

- 243 An applicant may consult the Exchange to resolve specific issues prior to the submission of an application. Unless the Exchange prescribes otherwise, the following sets out the usual main steps in the listing process:-

- (1) The applicant submits (to the Listings Function) one copy of the listing application prepared in compliance with Rules 245 and 246;
- (2) The Exchange considers whether the application satisfies the listing requirements and will decide whether to issue an eligibility-to-list letter (with or without conditions). Listing will not be permitted until all conditions set out in the eligibility-to-list letter have been satisfied;
- (3) Where a prospectus or offering memorandum is required to be issued, the applicant

lodges the prospectus or offering memorandum with the relevant authority (if applicable) and submits a copy to the Exchange. The lodged copy of the prospectus should not be materially different from the prospectus or offering memorandum on which the eligibility-to-list letter was issued. The applicant must submit a written confirmation to the Exchange to this effect. If there are material differences, the Exchange may withdraw the eligibility-to-list letter;

- (4) The Exchange will inform the applicant of any further information (additional to what is prescribed) that is required to be disclosed prior to commencement of trading. The applicant decides whether to include this information in its prospectus or offering memorandum, or to make pre-quotation disclosure through an announcement to the Exchange. Pre-quotation disclosure must be made not later than the market day before trading commences. Preferably, it should be made before the launch of the offer;
- (5) If the listing entails an offer of securities to the public, the applicant invites applications to subscribe for or purchase the securities. After the offer closes, the applicant announces the outcome of the offer, and where appropriate, the level of subscription and the basis of allocation and allotment, and the subscription rate reflecting the true level of demand for the offer. In computing the subscription rate, subscriptions by connected persons and the persons mentioned in Rule 240 must be excluded;
- (6) On satisfaction of the conditions expressed in the eligibility-to-list letter, the issuer is admitted to the Official List at the discretion of the Exchange. Trading of its listed securities commences on a date determined by the Exchange either on a deferred settlement basis or ready basis or such other basis as the Exchange may approve.

### **Time Schedule**

- 244 The Exchange will decide whether to issue an eligibility-to-list letter as soon as practicable after receipt of a complete application. If the applicant makes material amendments to the prospectus, the time may start to run from the date the material amendment is notified to the Exchange. On a case-by-case basis, the Exchange may agree to vary the procedures or time indicated if an issue involves a concurrent dual listing or international offering. Any proposed variation in procedures and timetable must be agreed with the Exchange before the submission of the application.

### **Contents Of Application**

- 245 The listing application is intended to serve the purpose of placing before the Exchange the information essential in determining the suitability of the applicant for admission to the Official List of, and its securities for public trading on, the Exchange. The applicant, its issue manager and all professionals who are involved in the preparation of the listing application must therefore ensure that all information that is material to the Exchange's decision on the application is made available promptly to the Exchange. Rule 740 applies to information supplied as part of an application.

246 The application must include:-

- (1) Particulars as required in Appendix 2.1 with a checklist showing compliance with the admission requirements set out in Rules 210, 211 and 222, whichever is applicable.
- (2) Prospectus, offering memorandum or introductory document, whichever is applicable. The document should be accompanied by a checklist of compliance with Fifth Schedule, Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005, Third Schedule, Securities and Futures (Offers of Investments)(Collective Investment Schemes) Regulations 2005 and Fourth Schedule, Securities and Futures (Offers of Investments)(Business Trusts)(No.2) Regulations 2005, as amended from time to time, and where applicable.
- (3) In the case of a primary listing, the draft memorandum and articles of association or other constituent document, which must comply with Appendix 2.2 and which is marked at the right hand margin to indicate compliance with Appendix 2.2, including a confirmation by the legal advisers to the issuer that the draft memorandum and articles of association or other constituent document are in compliance with Appendix 2.2. In the case of a secondary listing, the memorandum and articles of association or other constituent document (incorporating all amendments made to date) which has been filed with its home exchange.
- (4) Confirmation by the issue manager that:-
  - (a) having made due and careful enquiry, the issuer satisfies the admission requirements;
  - (b) all documents required by the listing rules to be included in the application has been or will be supplied to the Exchange;
  - (c) any other matters known to the issue manager which should be taken into account have been disclosed in the prospectus or otherwise in writing;
  - (d) if any further information becomes available before listing, it will inform the Exchange; and
  - (e) the directors of an applicant have been informed of their obligations under the listing rules as well as the relevant Singapore laws and regulations.
  - (f) it is satisfied that the profit forecast, if any, has been made by the applicant's directors after due and careful enquiry.
- (5) (a) Declaration by each director, executive officer, controlling shareholder, and officer occupying a managerial position and above who is a relative of any director or controlling shareholder, in the form set out in paragraph 8, Part VII of the Fifth Schedule, Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005, as amended from time to time.
  - (b) In the case of a reverse takeover under Rule 1015, declaration by the acquired group's directors, executive officers, controlling shareholders, and officers occupying a managerial position and above who are relatives of any director or controlling shareholder, in the form set out in paragraph 8, Part VII of the Fifth

Schedule, Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005, as amended from time to time.

- (c) In the case of a secondary listing, the requirements in (a) and (b) are not applicable.
- (6) Resumes and particulars of the directors, executive officers, and controlling shareholders. If the controlling shareholder is a company or partnership, resumes and particulars of its directors, executive officers, controlling shareholders, and partners.
- (7) Material contracts entered into during the preceding 24 months or proposed to be entered into by the company and its subsidiaries with any director, controlling shareholder or their associate. In the case of a secondary listing, this requirement is not applicable.
- (8) Detailed profit and cash flow projections for the current year and ensuing year of the applicant and each principal subsidiary and associated company must be submitted upon request by the Exchange. In the case of a secondary listing, this requirement is not applicable.
- (9) Auditors' report to management on the internal control and accounting systems of the applicant and its principal subsidiaries. In the case of a secondary listing, this requirement is not applicable. Where there are weaknesses in an applicant's internal control and accounting systems, the Exchange may require a confirmation from the auditors that the weaknesses are not material.
- (10) For an applicant which is engaged in property investment or development, the valuation report(s) of each principal asset of the group that is revalued. In the case of a secondary listing, this requirement is not applicable.
- (11) Listing Fee.
- (12) Confirmation by the applicant that it has obtained all requisite approvals, and is in compliance with laws and regulations, that would materially affect its business operations.
- (13) Statement by the directors of the applicant on whether the applicant, its subsidiaries, associated companies or any part of its undertakings and assets had previously applied for a listing in Singapore or elsewhere.

If so, to advise on the details of such application including the date of application, the relevant stock exchange, the status and outcome of the application, issues raised by the relevant stock exchange and conditions imposed.

If no prior listing has been sought, a confirmation from the directors of the applicant that they are not aware of any reasons why the applicant cannot be listed on any exchange.

- (14) Confirmation by the Board of Directors and the issue manager of the applicant that, in relation to the appointment of auditing firms, the applicant is in compliance with Rule 712 and Rule 715 or 716.
- 247 The Exchange may require an applicant to provide additional information and documents which it requires for a proper consideration of the application. The Exchange may, in its absolute discretion, waive or modify compliance with any of these requirements.

**Documents To Be Submitted After Approval In-Principle And Before The Prospectus, Offering Memorandum Or Introductory Document Is Issued.**

- 248 As soon as practicable after the company receives approval in-principle for listing from the Exchange but in any event not later than the date of issue of the prospectus, offering memorandum or introductory document, the following must be submitted:-
- (1) The signed listing undertaking in the form set out in Appendix 2.3.1 or 2.3.2, whichever is applicable;
  - (2) Two signed copies of the Memorandum and Articles of Association or other constituent document (incorporating all amendments made to date);
  - (3) A copy of certificate of incorporation and certificate of change of status, if any;
  - (4) A signed copy of the auditors' letter on the profit projections for the current financial year and any unaudited accounts included in the prospectus, offering memorandum or introductory document, in a form acceptable to the Exchange;
  - (5) A signed copy of the underwriting agreement, if any;
  - (6) A signed copy of the Accountants' Report, if any;
  - (7) A signed copy of the Directors' Report, if any;
  - (8) A signed copy of the minutes of the due diligence meetings;
  - (9) Copies of the letters of consent to act from directors, valuers, solicitors, issue managers, registrars and other professional firms, if applicable; and
  - (10) The required number of copies of the prospectus, offering memorandum or introductory document.

**Documents To Be Submitted On Or Before The Closing Date Of The Offering, Or Where Appropriate, As Soon As Practicable After Issue Of The Prospectus, Offering Memorandum Or Introductory Document**

249 As soon as practicable on or before the closing date of the offering, or after the issue of the prospectus, offering memorandum or introductory document, the following documents must be submitted : -

- (1) The following details in respect of any moratorium shares;
  - (a) Name of registered shareholder (and name of beneficial shareholder if different);
  - (b) Share Certificate number and number of shares represented; and
  - (c) Endorsement on share certificate.
- (2) Statement confirming that the securities to be listed are eligible for deposit with CDP.
- (3) Basis for allocation and allotment of any reserved securities.
- (4) Confirmation by the issue manager that any allocation and allotment of securities pursuant to a placement has been made in compliance with Rule 232. The Exchange may require a list of the places to be submitted.

#### **Documents To Be Submitted Before Trading Commences**

250 As soon as practicable before trading commences, or after the close of the offering, the following documents must be submitted: -

- (1) Confirmation that all share certificates have been issued and despatched, if applicable;
- (2) A copy of the return of allotment filed with the Registrar of Companies and Businesses or any competent authority, if applicable;
- (3) Confirmation by the issue manager that Rule 210(1) or Rule 211(1), and Rule 240 have been complied with;
- (4) Confirmation by the issue manager that, in its opinion, allocation and allotment of the securities has resulted in a distribution that is not expected to result in a disorderly market when trading begins in the applicant's securities; and
- (5) Where the listing involves an issue of shares, the following information must be provided on allocation and allotment of the securities:-
  - (a) a list of the directors and substantial shareholders and their respective shareholdings;
  - (b) A declaration on the percentage of issued share capital held in public hands and the number of holders in the format set out below:-

(i) Where the total offer size is less than \$75 million based on the issue price, at least 40% of the invitation shares or \$15 million whichever is lower, must be distributed to investors, each allocated and allotted not more than 0.8% of the invitation shares or \$300,000 worth of shares whichever is lower:-

<b>Holding Size</b>	<b>No of Holders</b>	<b>Total Holdings</b>	<b>Total Holdings as a % of Total Invitation</b>
<p><b>Regulated Portion</b></p> <p>Not more than 0.8% of total invitation shares or \$300,000 worth of shares (whichever is lower)</p>			
<p><b>Unregulated Portion</b></p> <p>Not more than 0.8% of total invitation shares or \$300,000 worth of shares (whichever is lower)</p> <p>More than 0.8 % of total invitation shares or \$300,000 worth of shares (whichever is lower)</p>			
<b>Total:</b>			

Note:

1. The shareholdings of an applicant and his associates must be aggregated and treated as one single holder.
2. Preferential allotments made pursuant to Rule 234 come under the unregulated portion.
3. Distribution requirements are not applicable to offer size of \$120 million or more.

(ii) Where the total offer size based on the issue price is \$75 million or more but less than \$120 million, at least 20% of the invitation shares must be distributed to investors, each allocated and allotted not more than 0.4% of the invitation shares:-

<b>Holding Size</b>	<b>No of Holders</b>	<b>Total Holdings</b>	<b>Total Holdings as a % of Total Invitation</b>
<b>Regulated portion</b>			

Not more than 0.4% of total invitation shares			
<b>Unregulated Portion</b>			
Not more than 0.4% of total invitation shares			
More than 0.4% of total invitation shares			
<b>Total:</b>			

Note:

1. The shareholdings of an applicant and his associates must be aggregated and treated as one single holder.
2. Preferential allotments made pursuant to Rule 234 come under the unregulated portion.
3. Distribution requirements are not applicable to offer size of \$120 million or more.

## **PART XI GLOBAL DEPOSITORY RECEIPTS**

251 Part XI sets out the requirements for the listing of global depository receipts representing equity securities of a corporation issued by a third party (“depository”).

For the purposes of this Part, the following definition applies:-

- (1) “depository” refers to the party, authorised by a corporation, to issue/cancel global depository receipts representing equity securities of a corporation in connection with a global depository receipt program.
- (2) “corporation” refers to the corporation whose equity securities are represented by the global depository receipts.

### **Requirements For An Issue Of Global Depository Receipts**

- 252 (1) Global depository receipts representing equity securities of a corporation will be admitted to listing on the Exchange only if the securities they represent are already listed or will be concurrently listed on a foreign stock exchange (referred to as the “home exchange”) and must be, or will be, subject to the listing (or other) rules of the home exchange where it has a primary listing.
- (2) (a) Global depository receipts are to be offered or traded solely to and by institutional investors, accredited investors or such other persons as contemplated under Sections 274 or 275 of the Securities and Futures Act (Cap. 289).
  - (b) The aforesaid restriction applies to both primary and secondary markets, and

for the avoidance of doubt excludes retail participation even beyond the 6 months period contemplated under Section 276 of the Securities and Futures Act (Cap.289).

- (3) A depository must:-
- (a) Be a reputable financial institution, duly incorporated according to the relevant laws of its place of incorporation;
  - (b) Be supervised by a banking or securities regulatory authority; and
  - (c) Show that it has the relevant expertise and experience in the issue of global depository receipts.
- (4) The underlying equity securities, represented by global depository receipts, must be freely transferable, validly issued, and free from any liens or encumbrances.
- (5) The global depository receipts, to be listed, must be freely transferable, and free from all liens.

### **Continuing Listing Obligations**

253 The corporation must undertake to:

- (1) Maintain the listing of the underlying equity securities on the home exchange and abide by the listing (or other) rules of that exchange;
- (2) Release all information and documents (in English) to the Exchange at the same time as such information is released to the home exchange;
- (3) Announce any notice of substantial shareholders' interests in the corporation's securities or a change in the percentage level of interest or interests of a substantial shareholder in the corporation when received by the corporation. The corporation may follow the rules of its home exchange if the exchange regulates such notifications;
- (4) Provide the Exchange with the required number of copies and one electronic copy of its published annual report (in English) and all documents annexed thereto as soon as it is issued, pursuant to the rules of the home exchange. If the annual report is not published in English, to provide a translated copy at the same time the annual report is issued;
- (5) Seek the Exchange's approval prior to any change of depository. The replacement depository must satisfy the Exchange that it has the relevant expertise and experience. A subsequent announcement of such change of the depository will be required;
- (6) Provide the Exchange with 2 copies of any subsequent amended draft memorandum

and articles of association or other constituent document to the Exchange no later than when it sends the notice convening the meeting to pass the amendment;

- (7) Provide the Exchange with the contact details of authorised representatives of the depository and the corporation to facilitate an effective channel of communication, subject to:
  - (a) such representatives being easily contactable during market trading hours;
  - (b) to notify the Exchange of any changes to the contact details of the assigned representatives;
- (8) Comply with such other listing rules as may be applied by the Exchange from time to time.

### **Fees**

254 A corporation must pay the fees levied by the Exchange.

### **Treasury Shares**

255 Chapter 8 will apply to the issue of shares out of treasury. The issuer must submit to the Exchange a confirmation of compliance with the provisions of Chapter 8.