

PRACTICE NOTE 7D
CORPORATE ACTIONS REQUIRING THE ENGAGEMENT OF A SPONSOR
Cross-referenced from Rule 745(3) and definition of “corporate finance advisory work”

PART I: INTRODUCTION

1. This Practice Note provides guidance on when the engagement of a sponsor would be required pursuant to Rule 745(3).
2. Issuers should consult with their sponsors with respect to the application of the rules. When in doubt, sponsors must consult the Exchange.
3. Rule 745(3) states that where an issuer requires a professional to provide corporate finance advice in relation to any corporate action, it may engage its sponsor or any other sponsor authorised by the Exchange to provide such advice. Arising from this Rule, a sponsor is generally required for the provision of corporate finance advice, having regard to their obligations to advise the issuer on compliance with Catalist Rules.
4. A sponsor is however not required in situations where the Rules to be complied with are procedural in nature and thus expected to pose less regulatory risks. Non-sponsor professionals providing corporate finance advice in such situations should nevertheless have an established track record of discharging their responsibilities properly in similar roles.

PART II: CORPORATE ACTIONS THAT REQUIRE A SPONSOR

5. For the purpose of complying with Rule 745(3), an issuer is required to engage a sponsor to provide corporate finance advice in relation to the following corporate actions or transactions: -
 - (a) transfer of listing to SGX Main Board pursuant to Rule 408;
 - (b) issue of securities, including rights issue or placement of shares; company warrants; or other convertible securities, for cash or as consideration for an acquisition notwithstanding that the acquisition is not a Major Transaction, except where the issue of securities falls under paragraph 6(c) below;
 - (c) issue of shares or convertible securities or options by a principal subsidiary pursuant to Rule 805(2);
 - (d) approval of a share option scheme or share scheme pursuant to Rule 842(3), except where the scheme falls under paragraph 6(d) below;
 - (e) capital reduction or distribution;
 - (f) approval of a scrip dividend scheme, except where the scheme falls under paragraph 6(e);
 - (g) Interested Person Transaction (“IPT”) requiring specific shareholders’ approval pursuant to Chapter 9 of the Catalist Rules, including the provision of independent financial advice;
 - (h) Major Transaction under Rule 1013 (“Major Transaction”);
 - (i) Very Substantial Acquisition or Reverse Takeover under Rule 1015, in which case a Full Sponsor is required;
 - (j) independent financial advice in relation to a whitewash resolution or an issuer which is the subject of a takeover, as required pursuant to the Singapore Code of Takeovers and Mergers;
 - (k) Scheme of Arrangement; and

- (l) delisting pursuant to Rule 1305 or 1307, including the provision of independent financial advice pursuant to Rule 1308(2) on the exit offer.
6. An issuer is not required to engage a sponsor for corporate finance advice in relation to the following corporate action or transactions:-
- (a) approval or renewal of a General Share Issue Mandate pursuant to Rule 806;
 - (b) approval or renewal of a Share Buy-Back Mandate pursuant to Rule 866;
 - (c) issue of securities pursuant to an employee or performance share/share option plan, bonus issue, scrip dividend, or stock/share split or consolidation;
 - (d) approval or renewal of a share or share option scheme that is consistent with market norms;
 - (e) approval of a scrip dividend scheme that is consistent with market norms;
 - (f) approval or renewal of an IPT Mandate pursuant to Chapter 9 of the Catalist Rules, including the provision of independent financial advice; and
 - (g) alteration of its memorandum or articles of association.
7. The corporate actions or transactions which are set out in this Practice Note are not exhaustive. Where a particular corporate action or transaction being contemplated by an issuer does not fall within paragraphs 5 or 6 above, the issuer must consult with its sponsor. When in doubt, sponsors must consult the Exchange.

PART III: ENGAGEMENT OF FINANCIAL ADVISORS BY ISSUERS AND SPONSORS

8. Rule 745(3) allows an issuer to engage its sponsor or any other sponsor authorised by the Exchange to provide corporate finance advice. Where another sponsor is appointed, the continuing sponsor of the issuer shall retain overall management and responsibility for the corporate action or transaction, principally with regards to advising the issuer on compliance with Catalist Rules and the proper discharge of the sponsor's obligations pursuant to Rule 226(4).
9. Where a sponsor is engaged to provide corporate finance advice, such sponsor may choose to outsource part of its work to other financial advisors, which need not also be a sponsor. The continuing sponsor of the issuer shall retain overall management and responsibility for the corporate action or transaction including the work done by such outsourced advisor(s).
10. While such outsourced advisors may be named in documents, announcements and circulars as appropriate for the roles in which they performed for the corporate action or transaction, for avoidance of doubt, such document, announcement or circular should also state clearly that the continuing sponsor of the issuer retains overall responsibility for the corporate action or transaction.