

## A SHIFT TO A MORE DISCLOSURE-BASED REGIME

### Amendments to Catalyst Rules Effective 29 October 2025

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

#### Appendix 7A Corporate Disclosure Policy

##### Part VII Unusual Trading Activity

20. Where unusual trading activity in an issuer's securities occurs without any apparent publicly available information which could account for the activity, it may signify trading by persons who are acting on unannounced material information or on a rumour or report, whether true or false. ~~Unusual market activity may not be traceable either to insider trading or to a rumour or report. Nevertheless, the market activity itself may be misleading to investors, who may assume that a sudden and appreciable change in the price of the issuer's securities reflects a corresponding change in its business or prospects.~~
21. ~~Similarly, unusual trading volume, even when not accompanied by a significant change in price, tends to encourage rumours and give rise to excessive speculative trading activity which may be unrelated to actual developments in the issuer's affairs. [Deleted]~~

##### Practice Note 7A Continuing Disclosure

#### 4. Exceptions to Rule 703(3)

*Confidential information*

- 4.4 If an issuer is of the view that there has been no leak, but there is unusual market trading activity that could be attributable to the report, the issuer should release a statement to provide clarity on the actual situation and deny or confirm the matters in the report, even if the statement may be a reiteration of information previously announced. Where there are no media reports, but unusual market trading activity is observed, the issuer should undertake a review to seek the causes of the unusual market trading activity and take appropriate action as set out in paragraph 22 of Appendix 7A. ~~The issuer should also respond promptly to any queries made by the Exchange concerning the unusual trading activity. Failing which, the Exchange may suspend the issuer's securities from trading.~~

*Positive example:*

~~The Exchange issued a query to an issuer due to unusual~~ Unusual market trading activity is observed on the issuer's securities.

*The issuer requested a trading halt on the same day, and responded stated that it had received a non-binding proposal from a third party who had expressed interest to purchase certain businesses of the issuer and was currently in discussions with the third party. The issuer also clarified that as at the date of the announcement, no binding offer has been made and no definitive agreements have been entered into in relation to any merger and acquisition, joint venture or strategic alliance opportunity.*

Upon the subsequent confirmation of the transaction, the issuer followed up with another announcement that it had entered into a conditional share purchase agreement for the sale of a certain part of its business to a third party.

## 5. Guidance on particular situations

5.16 Subject to paragraph 5.15 above, the following events are likely to require immediate disclosure:

- (a) ~~it the issuer~~ has been contacted by a relevant authority or served with an order for the production of documents to assist in an investigation in relation to a breach of law, rule or regulation; or
- (b) ~~it the issuer~~ has been informed or becomes aware that any of its subsidiaries or associated companies are under investigation by a relevant authority.

## 7. Other issues

### *Response to queries from the Exchange*

7.6 ~~The Exchange may suspend the trading of an issuer's securities if an issuer fails to respond to a query issued by the Exchange before the commencement of trading or where there is unusual market activity upon commencement of trading. The issuance of a holding announcement by the issuer stating that the Exchange is querying the issuer is not acceptable, as the investing public would still be trading on an uninformed basis. Issuers may request a trading halt to facilitate the release of announcements. [Deleted]~~

## Practice Note 7B Monitoring and ~~Querying~~ Reviewing of Unusual Trading Activity

*Cross-referenced from Rule 703, Appendix 7A and Practice Note 7A*

### Part I Introduction

1. This Practice Note provides information on the ~~role of the surveillance function ("Surveillance") and the procedures normally employed that issuers may undertake~~ when an issuer is queried ~~regarding unusual trading activity in its their securities is observed.~~
2. ~~Surveillance continues to monitor price and volume movements on all Catalist securities, even though an An issuer's sponsor is also responsible for having arrangements to monitor trading activity in the issuer's securities.~~

### Part II Unusual Trading Activity

4. ~~The unusual market activity may not be traceable directly to unannounced information or to a rumour or report. Nevertheless, the market activity itself may be misleading to investors, who may assume that a sudden and appreciable change in the price of, or volume traded in, the issuer's securities reflects a corresponding change in its business or prospects. [Deleted]~~

### Part III ~~Role of~~ Surveillance-SGX RegCo

5. ~~Surveillance utilizes a real-time market surveillance system which employs the latest technology to automatically alert the Surveillance officers to market behaviour such as unusual price and volume movements of an issuer's securities. The Surveillance officer then examines whether public information, company-specific news, counter-specific trends, industry trends, economic factors or prevailing market sentiment, can explain the market activity. If no explanation is apparent, the Exchange requires the issuer to inform the public whether it is aware of any material information that might reasonably be expected to have a significant effect on the trading volume or price of its securities. SGX RegCo will also review trading activity in the issuer's securities. If SGX RegCo considers that there is unusual trading activity that is not directly attributable to public information relating to the issuer, industry trends or market sentiment, SGX RegCo may highlight such unusual trading activity to the issuer. The issuer should engage with its sponsor, and consider whether it is aware of any undisclosed material information. If so, it should be disclosed on SGXNET.~~
6. ~~Surveillance will issue a query, depending on the extent of the unusual trading activity, measured against pre-determined thresholds set by the Exchange from time to time. [Deleted]~~
7. Query by Surveillance
  - (a) ~~All queries will be posted on SGXNET by the Exchange immediately. The Surveillance officer will make every effort to contact the issuer's authorized representatives to alert the issuer to the Exchange's query.~~
  - (b) ~~The query will be emailed to the issuer and its sponsor. [Deleted]~~

### Part IV ~~Response on Receiving a Query on~~ Reviewing of Unusual Trading Activity

8. ~~If the issuer does not have undisclosed material information it must inform its sponsor. The sponsor is responsible for advising it regarding the response it should give to the Exchange. [Deleted]~~
9. ~~If the issuer has undisclosed material information it must inform its sponsor. The sponsor should advise the issuer on the response it should give to the Exchange's query and where necessary, advise the issuer to request for a trading halt or suspension. [Deleted]~~
10. An issuer is expected to respond to a query ~~review any unusual trading activity in its securities~~ as soon as possible. ~~Issuers should, therefore, ensure that they are operationally ready to respond promptly.~~ In view of the importance of maintaining a fair, orderly and transparent market, issuers and sponsors must, upon receiving a query from the Exchange being made aware of the unusual trading activity, immediately undertake an enquiry to ascertain the cause of the unusual trading activity. Issuers and sponsors should have in place, procedures to ensure that the enquiry or information gathering is carried out efficiently, systematically and promptly, so that the issuer is able to disseminate all material information as soon as possible.
11. Paragraph 22 of Appendix 7A sets out some possible causes for unusual trading and how issuers should respond ~~to the queries~~ based on different causes.

12. An issuer may wish to, where appropriate, request for a trading halt or suspension of trading in its securities. If so, the issuer should contact Securities Market Control and provide a SGXNET announcement requesting for a trading halt or suspension, stating the reason for the trading halt or suspension. Where possible, it would be useful for issuers to inform investors ~~when the issuer can respond to the Exchange's query and~~ when the trading halt or suspension of its securities is expected to be lifted.
13. ~~The person providing the reply to the Exchange must be authorised by the Board to do so. The directors of the issuer must collectively and individually take responsibility for the accuracy of the replies provided to the Exchange with regards to the query raised by Surveillance. [Deleted]~~

## Part V: Keeping Track of Persons ~~With~~ with Access to Material Information

### Part VI Conclusion

18. This Practice Note sets out the ~~normal~~ procedures which ~~Surveillance undertakes~~ issuers may undertake when ~~querying issuers on~~ unusual trading ~~activities~~ activity in their securities is observed. However, there may be instances when a different approach is warranted.

## Practice Note 12B Internal Controls and Risk Management Systems

### 2. Intent of Rules 407(4)(b) and 1204(10)

- 2.1 Internal controls (including financial, operational, compliance and information technology controls) and risk management systems serve to safeguard shareholders' investments and company's assets. Internal controls also safeguard the quality of internal and external reports, such as the issuer's financial reports. Risk management systems include business continuity arrangements.

### 3. Compliance with Rules 407(4)(b) and 1204(10)

- 3.1 In satisfying Rules 407(4)(b) and 1204(10), the board and the audit committee may ask for an independent audit on internal controls or risk management systems to assure themselves on the adequacy and effectiveness of the systems of internal controls and risk management, or if they are not satisfied with the systems of internal controls or risk management.
- 3.2 The issuer should maintain proper record of the discussions and decisions of the board and the audit committee.
- 3.3 Compliance with Rules 407(4)(b) and 1204(10) involves the following disclosures:-
  - (i) Where the board and the audit committee are satisfied that the issuer has adequate and effective systems of internal controls and risk management, the disclosure must include the basis for such comment.

To avoid doubt, under Rule 225(1)(e), a full sponsor, in preparing ~~a listing applicant an~~ issuer for admission or advising an issuer in a very substantial acquisition or reverse takeover, must satisfy itself that the ~~listing applicant issuer~~ or enlarged group has sufficient systems, procedures, controls and resources to comply with the Rules and that its

directors understand and intend to fulfil their obligations at all times for as long as the securities of the issuer remain listed on Catalist. This is in addition to Rule 407(4)(b) which requires the board and audit committee to disclose the basis for their comments on the adequacy and effectiveness of the issuer's systems of internal controls and risk management.

- (ii) In relation to Rule 1204(10), where the board and/or the audit committee has commented that internal controls or risk management systems need to be strengthened, or has concerns that internal controls or risk management systems are inadequate, the board must disclose the issues and how it seeks to address and monitor the areas of concerns.

3.4 It is the board and the audit committee's responsibility to evaluate the adequacy and effectiveness of the issuer's internal controls and risk management systems. The board and audit committee must ensure that the issuer has internal frameworks to provide for timely escalation of material information from management to the board and audit committee and to enable issuers to fulfil their disclosure obligations under the listing rules. In forming its view on the adequacy and effectiveness of the internal controls, the board should not passively rely on information volunteered by management and should make further inquiries to management if the circumstances require.

3.5 In forming its views, the board and the audit committee should assess if the relevant functions responsible for implementing, operating and monitoring the issuer's internal controls and policies are competent and adequately resourced. In relation to financial controls, the board and audit committee should assess if the finance function is adequately staffed and if the key personnel (e.g. finance controllers, finance directors, chief accountants, chief financial officers) responsible for preparing or overseeing the preparation of financial statements are experienced, competent and appropriately qualified (such as having relevant professional or other qualifications).

3.6 In circumstances where key positions for the relevant functions are vacant due to staff turnover or if existing personnel lack the required competency, the board and audit committee should disclose this and put in place measures to address the skills shortage expeditiously. This includes implementing interim measures where necessary, such as appointing independent technical professionals with the relevant expertise and appropriate qualifications for assistance as a short-term measure. In addition, where there is uncertainty on the accounting treatment of certain transactions due to changes to accounting policies or occurrence of significant events, the board and the audit committee should seek advice from accounting experts with the appropriate qualifications and technical knowledge of the accounting standards for the financial statements.