

A SHIFT TO A MORE DISCLOSURE-BASED REGIME

Amendments to Mainboard Rules Effective 29 October 2025

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

Definitions and Interpretation

"conflicts of interest"	situations as described in Rule 223 of this Manual <u>[Deleted]</u>
"prospectus" or "offering memorandum" or "introductory document"	a listing document, <u>or in the case of reverse takeovers or business combinations a circular, or</u> and any equivalent document issued or proposed to be issued in connection with an application for listing of securities

Chapter 1 Introduction

Part II General Principles

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- (1) Suitability for listing depends on many factors, including:
- (a) the issuer's ability to satisfy the specific numerical standards and qualitative factors set out in this Manual, and particularly in respect of the issuer's directors, management, and controlling shareholders;
 - (b) the issuer's financial position; and
 - (c) the disclosures provided in the prospectus, offering memorandum or introductory document.
- (2) Issuers making listing applications ~~Applicants~~ should appreciate that compliance with the Exchange's listing rules may not in itself ensure an applicant's issuer's suitability for listing. The Exchange retains the discretion to accept or reject applications and in reaching its decision will have regard to the general principles outlined in Rule 103.
- ~~(4)-(3)~~ (3) The Exchange reserves the right to subject a listed issuer's change in principal business to the Exchange's approval if in the Exchange's opinion:—
- (a) the integrity of the market may be adversely affected; or
 - (b) it is in the interests of the public to do so.

Chapter 2 Equity Securities

Part II General Requirements

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~~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:

- (1) ~~the issuer's ability to satisfy~~ 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, and particularly in respect of the issuer's directors,~~ the management, and controlling shareholders; ~~an~~
- (2) ~~the~~ issuer's ~~market financial~~ position ~~and relative stability;~~ and
- (3) the disclosures provided in the prospectus, offering memorandum or introductory document.

Part III SGX Mainboard Listings

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(2) Quantitative Criteria

An issuer must ~~also be a going concern or be the successor of a going concern, and~~ satisfy one of the following requirements:—

- (a) Minimum consolidated pre-tax profit (based on full year consolidated audited accounts) of at least S\$~~30~~10 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 [210\(2\)\(b\)](#), 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. [Deleted]~~
- (c) In determining the profits, non-recurrent income and items generated by activities outside the ordinary course of business 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. [Deleted]~~
- (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. [Deleted]~~
- (d) The audited financial statements submitted with the listing application and disclosed in the prospectus, offering memorandum or introductory document must not:
 - (i) be subject to an adverse opinion, a qualified opinion, or a disclaimer of opinion by the auditors; or
 - (ii) include a statement by the auditors that a material uncertainty relating to going concern exists.

(8) Life Science Companies

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

- (a) ~~has successfully~~ Successfully raised funds from institutional investors, accredited investors or other relevant persons specified in as defined in the SFA or such relevant persons as contemplated under sections 274 and 275 of the SFA (or such equivalent persons in the relevant jurisdictions where funds were raised) prior to its IPO, not less than where such fundraising has been completed at least 6 months prior to the date of the listing application;
- (b) Market capitalisation of not less than S\$300 million based on the issue price and post-invitation issued share capital meets the S\$300 million market capitalisation requirement in Rule 210(2)(c);
- (c) ~~has as As~~ its primary reason for listing, the use of proceeds of the IPO is to bring identified products to commercialisation;
- (d) ~~demonstrates~~Demonstrates that it has, at least, a ~~two-three~~ year record of operations, and has been primarily engaged in laboratory research and development in respect of its identified products in the one year prior to listing, and submits to the Exchange the following:
 - (i) ~~details of patents granted or details of progress of patent applications; [Deleted]~~
 - (ii) the successful development completion of, ~~or the successful progression of, significant testing of the effectiveness at least one~~ of its identified products beyond the concept stage, in accordance with the general principles set out in Practice Note 6.2; and
 - (iii) the relevant expertise and experience of its key management and technical staff; and
- (e) ~~has available~~Available working capital that is sufficient for its present requirements and for at least 18 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)~~, [210\(3\)](#) and [210\(4\)\(a\)](#).

(11) Special Purpose Acquisition Company or SPAC

For the avoidance of doubt, a SPAC seeking listing of its equity securities on the SGX Mainboard must satisfy Rules 210(5), 210(7), 211A, 215, 216, 218, 219, 221, 223 to [224-224B](#), 230 to 234, 239 to 240 and 242 to 250.

Accounting and Auditing Standards

211A

- (3) The annual financial statements must be audited by certified public accountants in accordance with Singapore Standards on Auditing, International Standards on Auditing, ~~or~~ US Generally Accepted Auditing Standards, or auditing standards of the Public Company Accounting Oversight Board (United States), as the case may be.

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, a property investment/development company applying for admission to the Official List must also meet the following requirements:—

- (1) ~~Minimum~~ Leasehold Period

Disclose in the prospectus, offering memorandum or introductory document whether 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 or net property income for the past three years (whichever is the higher). If so, disclose the risks and implications of such a portfolio, and the issuer's plans (if any) to manage portfolio properties' lease profiles post-listing. 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.

Part VII Conflicts of interest

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~~An issuer should resolve or mitigate conflict situations prior to listing. The Exchange may accept a proposal to resolve or mitigate 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.~~
- (1) Where an interested person has an interest in any entity or group carrying on the same business or dealing in similar products as the issuer or its group, the issuer must, in the prospectus, offering memorandum or introductory document, disclose:
- (a) the name of that entity or in a case of a group, the immediate holding entity of that group;

- (b) a description of the business of that entity or group;
 - (c) the name of the interested person involved;
 - (d) the nature and extent of his or her interest in that entity or group, and the extent to which he or she is involved in the management of that entity or group either directly or indirectly; and
 - (e) a description of the conflicts of interest thereby arising.
- (2) An issuer (other than a REIT or business trust) must, in the prospectus, offering memorandum or introductory document, disclose the measures (if any) to resolve or mitigate such conflicts. Where any conflict of interest is not resolved or mitigated, the disclosure in the prospectus, offering memorandum or introductory document must include the reasons why such conflict is not resolved or mitigated.
- (3) An issuer that is a REIT or business trust must resolve or mitigate conflicts of interest prior to listing as set out in paragraph 3 of Practice Note 4.1. Such issuer must, in the prospectus, offering memorandum or introductory document, disclose such conflicts and the measures to resolve or mitigate such conflicts.

224 [Deleted]

~~In reviewing compliance with the Exchange's policy on conflict of interests, 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 conflict of interests exist. Where a business trust or REIT enters into right of first refusal agreements, Paragraph 3 of Practice Note 4.1 shall apply.~~

224A

If a transaction is, or is proposed to be, entered into between the entity at risk and an interested person, and such transaction is expected to continue after listing, the prospectus, offering memorandum or introductory document must include:

- (1) for real estate investment trusts: the disclosures for “interested party transactions” as required by the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005; and
- (2) for other issuers: the disclosures for “interested person transactions” as required by the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

224B

For the purposes of this Part (including the disclosure requirements referred to in Rule 224A), “entity at risk”, “interested person” and “transaction” have the meanings given to them in Rule 904.

Part IX Methods of Offering

Introduction

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An introduction may not be permitted if an issuer has ~~carried out fund raising activities~~ made an offer of securities in Singapore within six months before its listing application. An issuer is also not permitted to ~~carry out any fund raising activities~~ make any offer of securities in Singapore within three months after its listing. This rule does not apply to offers of securities that fall under Division 1, Subdivision (4) (excluding section 277) or Division 2, Subdivision (4) (excluding section 305B) of Part 13 of the SFA.

Part X Listing Procedures

Contents of Application

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The application must include:—

- (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. [Deleted]~~
- (9) Auditors' report to management on the internal control and accounting systems of the applicant issuer and its principal subsidiaries. In the case of a secondary listing, this requirement is not applicable. Where there are material weaknesses in an applicant's issuer's internal control and accounting systems, there must, in the prospectus, offering memorandum or introductory document, be adequate disclosure of such weaknesses and the steps to address them—the Exchange may require a confirmation from the auditors that the weaknesses are not material.
- (12) Confirmation by the applicant issuer that it has obtained all requisite approvals, and is in compliance with laws and regulations, that would materially affect its business operations.

Chapter 3 Debt Securities

Part V Listing Procedures for Debt Securities

Documents to be Submitted with the Prospectus, Offering Memorandum or Introductory Document

314

The documents set out below must be submitted together with the applicable listing fee. Where the debt securities are issued by an issuer whose equity securities are listed on the Exchange, or where the debt securities are offered primarily to specified investors, the issuer need only submit the documents set out in Rule 314(5), 314(6), 314(7) and 314(8).

- (2) ~~Material contracts (other than those entered into in the ordinary course of business) entered into during the preceding 24 months or proposed to be entered into by the issuer and its subsidiaries with any director, controlling shareholder or their associates. [Deleted]~~

Chapter 4 Investment Funds

Part II Listing Requirements for Investment Funds

404

An investment fund applying for listing must comply with the following requirements:—

- (1) For an investment fund denominated in Singapore Dollars:—
 - (a) a minimum asset size of at least S\$20 million; and
 - (b) at least 25% of the investment fund's total number of issued shares excluding treasury shares or units is held by at least 500 public shareholders (100 in the case of a venture capital fund-). In the case of a business trust or REIT, Rule 210(1)(a) will apply in respect of the shareholding spread and distribution.
- (2) For an investment fund denominated in a foreign currency:—
 - (a) a minimum asset size of at least US\$20 million (or its equivalent in other currencies);
 - (b) a spread of holders necessary for an orderly market in the shares or units of the fund. In the case of a business trust or REIT, Rule 210(1)(a) will apply in respect of the shareholding spread and distribution;
 - (c) in the case of an investment fund incorporated or established in a foreign country, facilities for the transfer and registration of securities in Singapore (if required by the Exchange); and
 - (d) in the case of an investment fund that is an exchange traded fund incorporated or established in a foreign country, the investment fund must be listed, or approved for listing, on a foreign stock exchange acceptable to the Exchange.

Chapter 6 Prospectus, Offering Memorandum and Introductory Document

Part II Content of Prospectus, Offering Memorandum and Introductory Document

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The Exchange will have regard to the ~~IOSCO Document~~ International Disclosure Standards for Cross-Border Offerings and Initial Listings by Foreign Issuers published by the International Organization of Securities Commissions when considering the adequacy of disclosure.

610

The following additional information should be provided in the prospectus, offering memorandum, introductory document and shareholders' circular:—

- (5) The board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or the audit committee, they must be disclosed together with the steps ~~taken~~ to address them.

Part VI Additional Requirements For SPACs

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Apart from complying with applicable law and Part II of this Chapter, a prospectus issued by a SPAC in connection with a listing on the Exchange, should contain the following additional information:

- (13) Potential conflicts of ~~interest interests~~ between the issuer and the founding shareholders, the directors and the management team, and their associates (including measures (if any) to address potential conflicts of ~~interest interests~~ where the issuer pursues a business combination target in which the aforementioned persons or entity have an interest in);

Chapter 7 Continuing Obligations

Part II Equity Securities — Immediate Announcements

Announcement of Specific Information

704

In addition to Rule 703, an issuer must immediately announce the following:—

Third and Subsequent Consecutive Financial Year Losses

- (35) When the issuer records pre-tax losses for the third and subsequent consecutive financial year (based on audited full year consolidated accounts) as set out in Appendix 7.8.

Part III Equity Securities — Periodic Reports

Financial Statements

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- (4) Notwithstanding the foregoing, with respect to the first announcement to be made by the issuer pursuant to ~~Rules-Rule~~ 705(1), ~~or 705(2)~~, or 705(3)(b) following its listing on the Exchange, where the time period between the date of its listing and the final date for the issuer to make the relevant announcement pursuant to Rule 705(1), ~~or 705(2)~~, or 705(3)(b) above is less than 30 days, the issuer shall have 30 days from the relevant deadline to make the relevant announcement of the financial statements provided that the following conditions are satisfied:
- (a) the extension is announced by the issuer at the time of the issuer's listing; and

- (b) in the announcement referred to in paragraph (a), the issuer must confirm that there is no material adverse change to the financial position of the issuer since the date of its prospectus or introductory document issued in connection with its listing on the Exchange.

709A

The annual financial statements must be:—

- (a) prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), ~~or~~ International Financial Reporting Standards ("IFRS"), or US Generally Accepted Accounting Principles ("US GAAP"); and
- (b) audited by certified public accountants in accordance with Singapore Standards on Auditing, International Standards on Auditing, ~~or~~ US Generally Accepted Auditing Standards, or auditing standards of the Public Company Accounting Oversight Board (United States), as the case may be.

Part XI SPACs — Continuing Listing Obligations

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While the issuer remains on the Official List of the SGX Mainboard, it must comply with the listing rules in Chapters 7 to 13, and the following additional requirements:

Business Combination

- (6) The issuer must comply with the following for the business combination:
 - (a) Rules ~~211(A)-211A~~, 215, 216, 218, 219, 221 to ~~224-224B~~, ~~229(A)-229A~~; and
 - (b) Rules 246(5)(a) and 246(6), with the necessary adaptations for the resulting issuer.

Chapter 8 Changes in Capital

Part VII Bonus Issues and Subdivision and Consolidation of Shares

840 [Deleted]

~~If an issue is to be capitalised from the revaluation reserve, the issuer may be required to satisfy the Exchange that the amount of the revaluation reserve so capitalised will not impair the issuer's ability to absorb future diminution in the value of its assets.~~

841 [Deleted]

~~An issuer must not capitalise:—~~

- ~~(1) more than 50% of the amount standing in the revaluation reserve account; and~~
- ~~(2) any surplus arising from the revaluation of fixed assets such as plant and machinery.~~

Chapter 10 Significant Transactions

Part VIII Very Substantial Acquisitions or Reverse Takeovers

1015

- (3) For reverse takeovers, the incoming business and the enlarged group must comply with the following requirements:—
- (a) The requirements in Rule 210(1), [210\(2\)\(a\)](#) or (b) or (c), [210\(3\)](#), [210\(4\)](#), [210\(5\)](#), [210\(6\)](#), [210\(7\)](#), [211A](#), Parts [V](#), [VII](#) and [VIII](#) of Chapter 2 and, if applicable, Rule 222. A life science company may rely on the exceptions specified in Rule 210(8). A mineral, oil and gas company must fulfil the additional listing requirements in Rule 210(9). The issuer must appoint a competent and independent valuer to value the incoming business. For the avoidance of doubt, any profit guarantee granted by the vendors will not be taken into consideration for the purpose of compliance with Rule 210(2);

Chapter 12 Circulars, Annual Reports and Electronic Communications

Part III Annual Reports

1207

The annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including at least the following:

General Information

- (10) The board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps ~~taken~~ to address them.

Chapter 13 Trading Halt, Suspension and Delisting

Part V Watch-List [\[Deleted\]](#)

1310 [\[Deleted\]](#)

~~This Part applies to issuers listed on the SGX Mainboard, except for investment funds (whether constituted as collective investment schemes or otherwise), business trusts, global depository receipts, debt securities, structured warrants and companies with secondary listings on the Exchange.~~

1311 [\[Deleted\]](#)

~~The Exchange will place an issuer on the watch list, if it records pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full-year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last 6 months.~~

1312 [\[Deleted\]](#)

~~Upon recording a pre-tax loss for the third and subsequent consecutive financial years (based on audited full-year consolidated accounts), an issuer must immediately announce the fact through the SGXNet. The announcement must provide the information as set out in Appendix 13.1. This Rule does not apply to an issuer that is already placed on the watch list.~~

1313 [\[Deleted\]](#)

~~If an issuer is placed on the watch list, it must:—~~

- ~~(1) immediately announce the fact through the SGXNet; and~~
- ~~(2) for the period in which it remains on the watch list, provide the market with a quarterly update on its efforts and the progress made in meeting the exit criteria of the watch list, including where applicable its financial situation, its future direction, or other material development that may have a significant impact on its financial position. If any material development occurs between the quarterly updates, it must be announced immediately.~~

1314 [\[Deleted\]](#)

~~An issuer on the watch list may apply to the Exchange to be removed from the watch list if it records consolidated pre-tax profit for the most recently completed financial year (based on audited full-year consolidated accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months.~~

1315 [\[Deleted\]](#)

~~An issuer must take active steps to meet the requirements of Rule 1314. If the issuer fails to comply with Rule 1314 within 36 months of the date on which it was placed on the watch list, the Exchange may either remove the issuer from the Official List, or suspend trading of the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the Official List.~~

1316 [\[Deleted\]](#)

~~While the issuer remains on the watch list, trading in its securities will continue, unless a trading halt or a suspension is, or has been previously effected.~~

Appendix 7.1 Corporate Disclosure Policy

Part VII Unusual Trading Activity

- 18 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.~~
- 19 ~~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]~~

Appendix 7.8 Notice of Three Consecutive Years' Losses

Cross-referenced from Rule 704(35)

[Name of Issuer] has recorded pre-tax losses for its three most recently completed consecutive financial years (based on audited full year consolidated accounts).

Appendix 13.1 Notice of 3 Consecutive Years' Losses [Deleted]

(Cross-referenced from Rule 1312 and Practice Note 13.2)

Name of Issuer: _____ hereby gives notice that:

- (i) ~~it has recorded pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts); and~~
- (ii) ~~its latest 6 month average daily market capitalisation as at _____ is _____.~~

~~The Company wishes to draw investors' attention to Rule 1311 of the Listing Manual which states that the Exchange will place an issuer on a watch list if it records pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last 6 months.~~

~~Investors should also note that pursuant to Practice Note 13.2 Paragraph 2.2, the Exchange conducts half-yearly reviews to identify issuers to be included on the watch list. The half-yearly review will take place on the first market day of June and December of each year. The Company will make an immediate announcement should it be notified by the Exchange that it will be placed on the watch list.~~

Practice Note 1.2 Oversight of Issuers [\[Deleted\]](#)

Details	Cross-References
Issue date: 25 February 2004 Effective date: 1 March 2004	Chapter 1

~~1- Introduction~~

- ~~1.1 This Practice Note discusses the Exchange's role in the current disclosure-based regulatory regime and its approach to regulating issuers.~~

~~2- Disclosure-Based Regulatory Regime and the Exchange's Role~~

- ~~2.1 In October 1998, the Corporate Finance Committee ("CFC") initiated a shift from a merit-based regulatory regime to a predominantly disclosure-based regulatory regime. A disclosure-based regime is premised on the principle that, in general, informed investors can protect themselves. It recognizes that the market is better placed than regulators to decide on the merits of transactions.~~

- ~~2.2 In a disclosure-based regime, the principal function of the Exchange is to provide a fair, orderly and efficient market for the trading of securities. In this regard, the Exchange considers disclosure as fundamentally important. The listing rules and the Exchange's regulation of issuers are aimed at promoting, among other things, full, accurate and timely disclosure. The underlying principles of the listing rules include:~~

- ~~(i) issuers shall have minimum standards of quality, operations, management experience and expertise;~~
- ~~(ii) investors and their professional advisers shall be given all information that they would reasonably require to make an informed assessment of the securities for which listing is sought;~~
- ~~(iii) issuers shall disclose information if a reasonable person would expect that information to have a material effect on the price or value of their listed securities;~~
- ~~(iv) all holders of listed securities shall be treated fairly and equitably; and~~
- ~~(v) directors of an issuer shall act in the interests of shareholders as a whole, particularly where a director or substantial shareholder has a material interest in a transaction entered into by the issuer.~~

~~3- Regulatory Objectives~~

- ~~3.1 Oversight of listed companies is performed by Issuer Regulation ("IR"), part of the Risk Management and Regulation Group. IR aims to establish rules to promote a high standard of corporate governance and transparency by listed companies. IR monitors compliance with its rules.~~

- 3.2 ~~In considering applications for listing, IR reviews applications for listing, prospectus, offering memoranda, shareholders' circulars and other documents. IR's review is limited to ensuring that all relevant requirements for listing are satisfied. The directors of an issuer have primary responsibility for the accuracy and completeness of the document. While IR does not independently verify the information in the document, it may investigate if it has reason to believe that there is an omission from, or false or misleading disclosure in, the document.~~
- 3.3 ~~Where continuing disclosure obligations are concerned, IR aims to promote full and timely disclosure of all relevant information by the issuer to the market. The directors of an issuer have primary responsibility for the timeliness, accuracy and completeness of the announcement. While IR does not independently verify the information in the announcement, it may investigate if it has reason to believe that there is an omission from, or false or misleading disclosure in, the announcement.~~
- 3.4 ~~SGX has established SGX RegCo with effect from 15 September 2017. Functions previously performed by IR, part of the Risk Management and Regulation Group, and succeeding units or functions, will be performed by SGX RegCo.~~

4. Regulatory Approach

- 4.1 ~~IR currently reviews every disclosure document prior to its issue. The objective of the review is to maintain the standard of disclosure (but not to exercise merit judgment on the transactions). IR also monitors reports by media and announcements made by issuers.~~
- 4.2 ~~However, responsibility for meeting the standard of disclosure rests on the issuer not IR. With effect from 1 March 2004, IR will adopt a more risk based approach to regulating issuers. Under this approach, greater regulatory attention is focused on areas that pose significant risks and where market transparency, integrity or investor protection may be compromised if the risks materialize. In determining the low and high risk areas, IR has assessed the likelihood of a risk materializing and the impact it may have on IR's ability to meet its objectives. The Exchange will monitor the situation on an on-going basis, and if warranted, low risk areas may be reclassified as high-risk areas and vice versa.~~
- 4.3 ~~Under this approach, IR will make the following changes to its functions:—~~

Function	Current Procedure	New Procedure
1. Review of shareholders' circulars	Review every circular of every issuer before it is issued.	Limited review of circulars where the disclosure is fairly standard (namely employee share option scheme, share buy-back, bonus issue, subdivision or consolidation of shares and scrip dividend). If, on limited review, the document is clearly deficient, a full review will be carried out. Full review for all other circulars.

2. Review of takeover documents.	Review every document of every issuer before it is issued.	No review. IR may act on a complaint or if it believes there may be non-compliance.
3. Review of offering memoranda for debt securities	Review every document of every issuer before it is issued.	No review if debt securities are offered, and the secondary market is limited, to institutional and sophisticated investors. IR may act on a complaint or if it believes there may be non-compliance.
4. Review of quarterly, half-yearly and full year results announcements	Review every results announcement of every issuer for every reporting period after it is issued.	Selective review of results announcements. The decision to review will be based on the issuer's financial condition, past incidence of non-compliance or inadequate disclosure, and whether it is a newly-listed issuer.
5. Review of annual report and Code of Corporate Governance	Review every annual report of every issuer (including corporate governance disclosures) after it is issued.	Limited review of every annual report, focusing on key areas such as audit qualifications, public float and interested person transactions. No review of corporate governance disclosures in the annual report. (This change has been implemented with effect from 6 May 2003.)
6. Review of notification of directors' or substantial shareholders' interests	Review every notification of every issuer after it is announced	No review. IR may act on a complaint or if it believes there may be non-compliance

- 4.4 ~~If IR receives a complaint that a document referred to in paragraph 4.3 is deficient, it will review the document.~~
- 4.5 ~~This approach does not reduce the obligation to comply with the listing rules, but puts the responsibility for compliance squarely on the issuer.~~
- 4.6 ~~Remedial action may be taken against issuers for an omission, false or misleading disclosure, or non-compliance with listing rules; and advisers who are found not to have exercised due care and diligence.~~
- 4.7 ~~This approach will improve regulatory efficiency and effectiveness, and is consistent with a disclosure-based regime where the issuers are responsible for compliance with the rules and to make full and timely disclosure. It is also in line with the CFC's view that, in a disclosure based regulatory regime, enforcement would be carried out by review of disclosure after the documents~~

~~are issued and, where necessary, some pre-vetting of documents to maintain the standard of disclosure.~~

Practice Note 6.1 Disclosure Requirements: Pre-listing Information ~~and Transitional Arrangements~~

~~Cross-referenced from Listing Rules 603 and 606~~

Details	Cross-References
Issue date: 28 June 2002 Effective date: 1 July 2002 3 December 2007	Listing Rules 603 and 606

1. Introduction

- 1.3 ~~Sections 2 and 3 cover disclosure under the new framework. Section 4 covers transitional arrangements. [Deleted]~~

2. Disclosure Relating to Admission Criteria

- 2.1 In determining whether an issuer meets the requirements in ~~Rules~~ Rule 203 and 211(3), the Exchange will need to make an assessment of the viability of the issuer's business. To enable the Exchange to make this assessment:
- 2.1.1 An issuer which has not been profitable may have to disclose the group's burn rates and expenditures and for how long it is estimated that the proceeds will support the group's operations.
- 2.1.2 An issuer will have to consider if the viability of its business depends on any governmental or regulatory approvals and whether such approvals, if not granted, would have a material adverse impact on the Group. The issuer may be required to obtain such approvals before its listing application.
- 2.1.3 An issuer may have to quantify and disclose the effects on its business of material risks occurring.
- 2.6 ~~A confirmation from the auditors must be submitted to the Exchange pursuant to Rule 246(9). If the confirmation prospectus, offering memorandum or introductory document refers to any material weaknesses inadequacy/weakness in the issuer's internal control and accounting systems, there must be adequate disclosure of such weaknesses and the steps to address them in the prospectus, offering memorandum or introductory document pursuant to Rule 246(9) the issuer may be required to disclose the inadequacies/weakness and what/whether steps have been taken to rectify them.~~
- 2.8 In relation to the structure of the IPO, the issuer-Exchange will look at the following matters when considering whether an eligibility-to-list letter will be issued:

- 2.8.1 The specific circumstances under which the termination clause in an underwriting agreement may be invoked.
- 2.8.2 For a non-underwritten issue, whether it is likely that the spread and distribution guidelines in Rule 210(1)(a) will be met, and whether there is disclosure that the issue is not underwritten and the reasons.
- 2.8.3 What disclosure is made if the issuer makes, or intends to make, a preferential offer or allotment of securities to any group of targeted investors (including persons listed in Rule 240, employees, or persons having a preferential relationship with the issuer such as the reporting accountant, valuer and solicitor). The issuer may be required to disclose the reasons for the allocation or allotment, whether they are made or to be made at a discount to the issue price, the number of securities allocated and allotted or to be allocated and allotted, and the basis of allocation and allotment.
- 2.8.4 Where material, the impact on earnings per share and net tangible assets per share of the aggregate remuneration of controlling shareholders and their relatives (where these expenses are expected to increase after the offering of its securities) who have not entered into service agreements with the Company and of any proposed service agreements.

4. Transitional Arrangements

- 4.1 ~~Rule 606(7)(j) sets out the requirement that the latest audited financial statements should be made up to a date not more than 9 months before the time of issue of the IPO prospectus or offering memorandum and where the latest audited accounts have been made up to a date more than 6 months before such time, the unaudited financial statements for a period of up to not more than 3 months prior to the date of the document shall be included. With effect from 1 July 2002, the Exchange will waive Rule 606(7)(j) if the issuer satisfies the requirements under paragraphs 11, 27 & 30 of Part 9 of the Fifth Schedule of the Securities & Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018. [Deleted]~~

Practice Note 6.2 Prospectus Disclosure Requirements and Guidance for Life Science Companies

[Cross-referenced from Listing Rule 210\(8\) and Chapter 6](#)

Details	Cross-References
Issue date: 24 March 2009	Chapter 6
Effective date: 24 March 2009	

1. Introduction

- 1.1 This Practice Note sets out the prospectus disclosure requirements [and guidance of what constitutes the successful development of products beyond the concept stage](#) for life science companies seeking a listing on the Exchange.

2. Disclosure Guidelines

2.1 The ~~applicant-issuer~~ should disclose in its prospectus, offering memorandum or introductory document:

- (1) Details of its operations in laboratory research and development, to the extent material to investors, including:
 - (a) details of patents granted or details of progress of patent applications. Unless otherwise required under the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, such details need not be disclosed if disclosure would result in the issuer disclosing highly sensitive confidential information. In that case, the issuer must disclose the reasons for the non-disclosure; and
 - (b) in relation to its identified products, details of the successful development completion of, or the successful progression of, significant testing of the effectiveness at least one of its identified products beyond the concept stage. If there are no relevant details, a negative statement should be provided;
- (2) Details of the relevant expertise and experience of its key management and technical staff;
- (3) The salient terms of any service agreements between the ~~applicant-issuer~~ and its key management and technical staff;
- (4) The safeguards and arrangements that the ~~applicant-issuer~~ has in place, in the event of the departure of any of its key management or technical staff;
- (5) The risk and impact, financially or otherwise, from such departure of key management or technical staff on the group's business and operations;
- (6) Information on whether the ~~applicant-issuer~~ has engaged in collaborative research and development agreements with other organisations, to the extent material to investors;
- (7) A comprehensive description of each product, the development of which may have a material effect on the future prospects of the ~~applicant-issuer~~;
- (8) The directors' opinion which must state, without requiring a profit forecast, that in their reasonable opinion, the working capital available to the ~~applicant-issuer~~, as at the date of lodgement of the prospectus, is sufficient for the present requirements and for at least 12 18 months after listing; and
- (9) Where relevant and appropriate, an expert technical assessment and industry report.

3. Guidance on what constitutes the successful development of products beyond the concept stage

3.1 For the purposes of Rule 210(8)(d)(ii) and paragraph 2.1(1) above, the Exchange would consider a life science product to have been developed beyond the concept stage if it has met the milestones specified below for the product, including (a) pharmaceuticals (small molecule drugs), (b) biologics, and (c) medical devices (including diagnostics), as categorised by a competent authority:

- (1) Drug (including pharmaceuticals and biologics): (a) Completed Phase I clinical trials for a new drug or at least one clinical trial for a drug based on a previously approved product or biosimilar, and (b) a competent authority has no objection to the commencement of Phase II (or later) clinical trials;
- (2) Medical device (including diagnostic devices): (a) Completed at least one clinical trial for a Class II or above medical device (under the classification criteria of the relevant competent authority), and (b) a competent authority has no objection to commencement of the next phase of clinical trials, or sales of the device; and
- (3) A life science product that does not fall under the “Drug” or “Medical device” categories based on the classification of a competent authority will be assessed on a case-by-case basis with reference to all relevant facts and circumstances, including whether (a) it has been developed beyond the concept stage by reference to the developmental milestones set out in paragraphs 3.1(1) and (2) above, and (b) there is an appropriate framework or objective indicators to enable investors to make an informed investment decision.

3.2 References to “competent authority” in paragraph 3.1 above means the Singapore Health Sciences Authority, the U.S. Food and Drug Administration, the China Food and Drug Administration, or the European Medicines Agency, as well as any other national or supranational authority that the Exchange may, at its discretion, consider as a competent authority for the purpose of paragraph 3.1 above (depending on the nature of the life science product). This also includes any institution, body, or committee duly authorised or recognised by, or registered with, a competent authority to conduct, assess, and supervise clinical trials in the relevant clinical fields.

Practice Note 6.4 Requirements for Special Purpose Acquisition Companies

Cross-referenced from Listing Rules 210(11)(a), 210(11)(i)(i) and (v), 626 and 754(3)

Details	Cross-References
<u>Issue date: 2 September 2021</u>	<u>Listing Rule 210(11)(a)</u>
<u>Effective date: 3 September 2021</u>	<u>Listing Rules 210(11)(i)(i) and (v)</u>
	<u>Listing Rule 626</u>
	<u>Listing Rule 754(3)</u>

7. Additional Disclosure Requirements for Shareholders' Circular for the Business Combination

7.1

- (n) Potential conflicts of ~~interest interests~~ between the issuer and the founding shareholders, the directors and the management team, and their associates (including measures ~~(if any)~~ to address potential conflicts of ~~interest interests~~ where the issuer pursues a business combination target in which the aforementioned persons or entity have an interest in);

Practice Note 7.1 Continuing Disclosure

[Cross-referenced from Listing Rule 703 and Appendix 7.1](#)

Details	Cross-References
Issue date: 28 January 2003	Listing Rule 703
Effective date: 29 January 2003	Appendix 7.1

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 20 of Appendix 7.1. ~~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.

7. Other issues

Information from third parties

- 7.1 Announcements by third parties, such as industry regulators, may be considered material information. If the issuer assesses that there is material impact from these developments, it should make the necessary disclosure, with an assessment of the impact of the event.

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 7.2 Monitoring and Querying/Reviewing of Unusual Trading Activity

Cross-referenced from Listing Rule 703, Appendix 7.1 and Practice Note 7.1

<u>Details</u>	<u>Cross-References</u>
First issued on: 30 October 2002	<u>Listing Rule 703</u>
Last revised on: 27 October 2015	<u>Appendix 7.1</u>
Effective date: 1 December 2015	<u>Practice Note 7.1</u>

1. Introduction

- 1.1 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. Unusual Trading Activity

- 2.2 ~~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]

3. Role of Surveillance SGX RegCo

- 3.1 ~~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 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 consider whether it is aware of any undisclosed material information. If so, it should be disclosed on SGXNET.~~

- 3.2 ~~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]~~

3.3 **Query by Surveillance**

3.3.1 ~~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.~~

3.3.2 ~~The query will be emailed to the issuer. [Deleted]~~

4. **Response on Receiving a Query on Reviewing of Unusual Trading Activity**

- 4.1 ~~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 efficient transparent market, issuers 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 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.

- 4.2 Paragraph 20 of Appendix 7.1 sets out some possible causes for unusual trading and how issuers should respond ~~to the queries~~ based on different causes.

- 4.3 An issuer may wish to, where appropriate, request for suspension of trading in its securities or a trading halt. If so, the issuer should contact Securities Market Control and provide a SGXNET announcement requesting for suspension or a trading halt, stating the reason for the suspension or trading halt. Where possible, it would be useful for issuers to inform investors ~~when the issuer can respond to the Exchange's query and~~ when the suspension of its securities or trading halt is expected to be lifted.

- 4.4 ~~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]~~

5. **Secondary Listings and Issuers that are Exempted from Continuing Listing Obligations**

- 5.1 Issuers with a secondary listing on the Exchange and issuers that are exempted from the continuing listing obligations under Chapter 7 must comply with the home exchanges' disclosure requirements. Nevertheless, as the securities of such issuers are being traded on the Exchange, the Exchange must ensure that there is a fair, and orderly and transparent market in these securities. Issuers may therefore be required to ~~respond to queries undertake a review~~ regarding the trading of their securities on the Exchange.

7. Conclusion

- 7.1 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.
- 7.2 Issuers should also familiarize themselves with the Exchange's Continuing Obligations, Corporate Disclosure Policy and any other relevant Practice Notes.
- ~~7.3 Issuers may consult their account manager in Issuer Regulation if they have queries on this matter.~~

Practice Note 12.2 Internal Controls and Risk Management Systems

Cross-referenced from Listing Rules 610(5) and 1207(10)

Details	Cross-References
Issue date: 2 April 2013 Revised Date: 6 August 2018 Effective date: 2 April 2013 1 January 2019	<u>Listing Rules 610(5) and 1207(10)</u>

2. Intent of Rules 610(5) and 1207(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 610(5) and 1207(10)

- 3.1 In satisfying Rules 610(5) and 1207(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 610(5) and 1207(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 246(9), all ~~listing applicants-issuers~~ are required to provide, ~~for the Exchange's assessment,~~ the auditor's report to management on the internal controls and accounting systems. Where material weaknesses exist in a potential issuer's internal controls and accounting systems, there must be adequate disclosure of such weaknesses and the steps to address them in the prospectus, offering memorandum or introductory document ~~the Exchange may seek a confirmation from the auditors of the potential issuer that the material weaknesses were addressed.~~ This is in addition to Rule 610(5) 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 1207(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.

5. General Principle

- 5.2 Should the board or the audit committee comment that the Group's internal controls or risk management systems have material weaknesses, then clear disclosure of these weaknesses and

the steps ~~taken~~ to address them is necessary for investors to make an informed decision about the issuer.

Practice Note 13.2 Watch-List ~~[Deleted]~~

Details	Cross-References
Issue date: 6 December 2007	Chapter 13 Part V
Effective date: 1 June 2020	Appendix 13.1.

~~1. Introduction~~

~~1.1 The watch list seeks to heighten transparency of an issuer's financial performance. The 2 main purposes of the watch list are to:~~

- ~~(i) instill discipline in issuers to administer their financial performance for continued compliance with the listing rules; and~~
- ~~(ii) alert investors to the risk of being invested in companies that may face delisting.~~

~~1.2 The inclusion criteria for the watch list are as set out in Rule 1311.~~

~~1.3 This Practice Note sets out the guidelines for inclusion of issuers on the watch list and removal of issuers from the watch list.~~

~~2. Half-Yearly Reviews~~

~~2.1 Rule 1311 states that an issuer will be placed on the watch list if it records pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last 6 months.~~

~~2.2 The Exchange will conduct half-yearly reviews to identify issuers to be included on the watch list. The half-yearly review will take place on the first market day of June and December of each year. Upon identifying an issuer for inclusion on the watch list, the Exchange will promptly notify the issuer of its status.~~

~~2.3 The table below shows how the inclusion criteria are applied at each of the review dates.~~

Watch-List Review Date	Entry Criteria
First market day of June	Loss-making issuers for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) with average daily market capitalisation of less than S\$40 million from 1 December – 31 May
First market day of December	Loss-making issuers for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) with average daily market

	capitalisation of less than S\$40 million from 1 June — 30 November
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2.4 Daily updated market capitalisation figures are made available on the Exchange's website. Audited financial results of issuers can be found in annual reports which are available on the Exchange's website.

2.5 Issuers are expected to take proactive steps to exit the watch-list.

3. Removal from the Watch List

3.1 An issuer which enters the watch-list will be removed if it meets the exit criteria in Rule 1314. An issuer cannot exit from the watch-list by a transfer to Catalist unless otherwise permitted by the Exchange in exceptional circumstances (for example, if the company is profitable, has a viable business, is able to operate as a going concern and has adequate working capital).

3.2 An issuer placed on the watch-list will have to submit an application to the Exchange within the cure period for removal from the watch-list. The Exchange may reject an application for exit from the watch-list if the Exchange is of the opinion that there are other factors that justify the continued inclusion of the issuer in the watch-list or the delisting of the issuer.

3.3 To exit the watch-list, the issuer must have recorded profit in accordance with Rule 1314. In addition, to provide assurance that the issuer demonstrates actual profitability, the Exchange takes into account the audit opinion of the financial statements and the sustainability of the profit. Therefore, the Exchange will reject an application for exit from the watch-list if the issuer's latest audited full year consolidated accounts are subject to an adverse opinion, a qualified opinion, a disclaimer of opinion or the issuer's auditors have stated that a material uncertainty related to going concern exists. The Exchange will also exclude non-recurrent income and income generated by activities outside the ordinary course of business in assessing if the issuer has met the exit criteria in Rule 1314.

3.4 The issuer must also have an average daily market capitalisation of S\$40 million or more over the last 6 months in order to exit the watch-list in accordance with Rule 1314. The Exchange monitors trading of listed securities for unusual trading activity. The Exchange will consider if the issuer's share price during the relevant period has been determined by artificial means in assessing if the issuer has met the exit criteria in Rule 1314.

4. Extension to the 36-Month Cure Period

4.1 Pursuant to Rule 1315, if the issuer fails to comply with the exit criteria within the 36-month cure period, the Exchange may either remove the issuer from the Official List, or suspend trading of the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the Official List.

4.2 An issuer may apply to the Exchange for an extension to the 36-month cure period and the Exchange may, if the circumstances warrant it, grant an extension:

- (1) of up to 12 months if the issuer satisfies at least one of the requirements under Rule 1314 and has achieved healthy cash flow from its operating activities (based on its audited full year consolidated accounts for the most recently completed financial year);
 - (2) of up to 3 months if the issuer has entered into a legally binding agreement to acquire asset(s) that enable the enlarged group to comply with the requirements in Rule 210(2)(a) or (b) and the transaction is expected to be completed within 3 months;
 - (3) if trading of its securities was suspended pursuant to Rule 1303(3) during a period preceding the end of the 36-month cure period. The period of extension granted by the Exchange, if any, shall not exceed that which is required to compute the issuer's average daily market capitalisation over a period of 6 months; or
 - (4) if the issuer has completed a corporate action (with the aim of exiting the watch list) less than 6 months before the expiry of the cure period. The period of extension granted by the Exchange, if any, shall not exceed that which is required to compute the issuer's average daily market capitalisation over a period of 6 months.
- 4.3 Any application for extension of time must be submitted to the Exchange at least 1 month before expiry of the cure period.
- 5. ~~Cash Companies and Companies Suspended Pursuant to Rule 1303(2) or 1303(3)~~**
- 5.1 For avoidance of doubt, an issuer that has been suspended pursuant to Rules 1303(2) or 1303(3) or has been allowed to trade pursuant to the requirements of Rule 1018(1) will not be included on the watch list and will not be required to provide the notification pursuant to Rule 1312. Rule 1311 will be applicable from the date the issuer satisfies the requirements of Rule 1304 or is no longer a cash company pursuant to the requirements in Rule 1018(2).
- 5.2 ~~Where an issuer has been placed on a watch list pursuant to Rule 1311 and is subsequently suspended under Rules 1303(2) or 1303(3) or is allowed to trade subject to the requirements of Rule 1018(1), it will remain on the watch list.~~
- (1) ~~For the purposes of Rule 1314, the average daily market capitalisation will be computed based on the period commencing from the date the issuer satisfies the requirements of Rule 1304.~~
 - (2) ~~The Exchange will remove the issuer from the Official List:~~
 - (a) ~~at the end of the 36-month cure period which commences from the time it was placed on the watch list (subject to any extension granted); or~~
 - (b) ~~before the expiry of the 36-month cure period if it does not meet the requirements in Rules 1304 or 1018(2).~~